

NOT FOR DISTRIBUTION IN THE UNITED STATES



AMPLIFON S.p.A.

(incorporated as a società per azioni under the laws of the Republic of Italy)

**€275,000,000 4.875 per cent. Guaranteed Notes due 16 July 2018
guaranteed by**

AMPLIFON (USA), Inc.

(incorporated as a corporation under the laws of the State of Delaware, USA)

and

NATIONAL HEARING CENTRES PTY. Ltd.

(incorporated with limited liability under the laws of the State of Victoria, Australia)

The issue price of the €275,000,000 4.875 per cent. Guaranteed Notes due 16 July 2018 (the “Notes”) of Amplifon S.p.A. (the “Issuer”) is 99.459 per cent. of their principal amount. The Notes constitute *obbligazioni* pursuant to Articles 2410-*et seq.* of the Italian Civil Code. The payment of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by each of Amplifon (USA), Inc. and National Hearing Centres Pty. Ltd. (each, a “Guarantor” and together with any Successor Guarantor or any Additional Guarantor (once the Notes have been issued) pursuant to the Conditions of the Notes (as defined below), the “Guarantors”). The Notes will bear interest from and including the Closing Date (as defined below) at the rate of 4.875 per cent. per annum, payable in arrear on 16 July in each year, commencing on 16 July 2014, all as more fully described in “Terms and Conditions of the Notes – Interest”. Interest payments to certain Noteholders may be subject to Italian substitute tax (*imposta sostitutiva*) as more fully described in “Terms and Conditions of the Notes – Taxation” and “Taxation – Italian Tax Treatment of the Notes”.

Unless previously redeemed, repurchased or cancelled, the Notes will be redeemed at one-hundred per cent. (100%) of their principal amount on 16 July 2018. The Notes may be redeemed in whole, but not in part, at one-hundred per cent. (100%) of their principal amount plus interest, if any, to the date fixed for redemption at the option of the Issuer in the event of certain changes affecting taxation in the Republic of Italy, the United States or Australia. See “Terms and Conditions of the Notes – Redemption and Purchase”. Noteholders will be entitled, following the occurrence of a Change of Control (as defined in the Terms and Conditions of the Notes (the “Conditions”)) to request the Issuer to redeem such Notes at one-hundred per cent. (100%) of their principal amount together with any accrued and unpaid interest (if any), all as more fully described in “Terms and Conditions of the Notes – Redemption and Purchase – Redemption at the Option of the Holders upon a Change of Control”.

Investing in the Notes involves risks. For a discussion of these risks, see “Risk Factors” beginning on page 2.

Application has been made to admit the Notes to the official list of the Luxembourg Stock Exchange (the “Luxembourg Stock Exchange”) and for the Notes to be admitted to trading on the Luxembourg Stock Exchange’s Euro MTF Market (the “Euro MTF Market”). This Prospectus constitutes a prospectus for the purposes of the Luxembourg Act dated 10 July 2005 on prospectuses for securities, as amended (the “Prospectus Act 2005”).

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or any state securities laws and are subject to United States tax law requirements. The Notes are being offered only outside the United States by the Joint Lead Managers (as defined herein) in accordance with Regulation S under the Securities Act (“Regulation S”), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, “U.S. persons”, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of further restrictions on offers and sales of the Securities, see “Subscription and Sale”.

The Notes will be in bearer form and in the denomination of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000 and will initially be in the form of a temporary global note (the “Temporary Global Note”), without interest coupons, which will be deposited on or around 16 July 2013 (the “Closing Date”) with a common safekeeper (the “Common Safekeeper”) for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking, *société anonyme* (“Clearstream, Luxembourg”) and, together with Euroclear, the “Clearing Systems”). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the “Permanent Global Note”), without interest coupons, not earlier than forty (40) days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification. The Temporary Global Note and the Permanent Global Note, each a “Global Note”, will be issued in new global note (“NGN”) form. Ownership of the beneficial interests in the Notes will be shown on, and transfers thereof will be effected through, records maintained in book-entry form by the Clearing Systems and their respective participants. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form in the denomination of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000 with interest coupons attached. See “Summary of Provisions Relating to the Notes in Global Form”.

Joint Lead Managers

Banca IMI

BNP PARIBAS

Deutsche Bank

UniCredit Bank

The date of this Prospectus is 12 July 2013.

The Issuer and the Guarantors have confirmed that this Prospectus contains all information regarding the Issuer, the Guarantors and their respective subsidiaries (together with the Issuer and the Guarantors, the “**Group**”) and the Notes which is (in the context of the issue of the Notes and the giving of the Guarantees (as defined herein)) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer or the Guarantors are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect. The Issuer and the Guarantors accept responsibility for the information contained in this Prospectus and declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus to the best of their knowledge is in accordance with the facts and contains no omission likely to affect its import.

None of the Issuer or the Guarantors has authorised the making or provision of any representation or information regarding the Issuer, the Guarantors, the Notes or the Guarantees other than as contained in this Prospectus or as approved for such purpose by the Issuer and the Guarantors. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Guarantors, the Trustee (as defined herein) or the Joint Lead Managers.

Neither the Issuer, the Guarantors nor the Joint Lead Managers have authorised, nor do they authorise, the making of any offer of the Notes through any financial intermediary, other than offers made by the Joint Lead Managers which constitute the final placement of the Notes contemplated in this Prospectus.

This Prospectus has not been submitted to the clearance procedure of CONSOB and may not be used in connection with the offering of the Notes in the Republic of Italy, its territories and possessions and any areas subject to its jurisdictions other than in accordance with applicable Italian securities laws and regulations, as more fully set out under “*Subscription and Sale*”.

The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Guarantors and the Joint Lead Managers to inform themselves about and to observe any such restrictions. This Prospectus may only be used for the purposes for which it has been published. For a description of certain restrictions on offers, sales and deliveries of the Notes and on distribution of this Prospectus and other offering material relating to the Notes, see “*Subscription and Sale*”.

In particular, the Notes have not been and will not be registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered in the United States or to U.S. persons. The Notes are subject to restrictions on transferability and resale and may not be transferred or resold in the United States or to U.S. persons except as permitted under applicable U.S. federal and state securities laws pursuant to a registration statement or an exemption from registration.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer, the Guarantors or the Group since the date of this Prospectus.

None of the Joint Lead Managers or the Trustee makes any representation or warranty, expressed or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantors, any of the Joint Lead Managers or the Trustee that any recipient of this Prospectus should purchase the Notes. In making an investment decision, prospective investors must rely on their own examination of the Issuer’s and the Guarantors’ businesses and the terms of the offering. Prospective investors

should not consider any information contained in this Prospectus to be investment, legal, business or tax advice. Each prospective investor should consult its own counsel, business advisor, accountant, tax advisor and other advisors for legal, financial, business, tax and related advice regarding an investment in the Notes.

Prospective investors should understand that they may have to bear the financial risks of their investment for an indefinite period of time.

The information set out in the sections of this Prospectus describing clearing arrangements is subject to any change or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream, Luxembourg, in each case as currently in effect. The information in such sections concerning the Clearing Systems has been obtained from sources that the Issuer and the Guarantors believe to be reliable, but the Issuer and the Guarantors take no responsibility for the accuracy of such information. If prospective investors wish to use the facilities of any of the Clearing Systems, they should confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. The Issuer and the Guarantors will not be responsible or liable for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such book-entry interests.

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

STABILISATION

In connection with the issue of the Notes, BNP PARIBAS (the “Stabilising Manager”) (or any person acting for the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail in the open market. However, there can be no assurance that the Stabilising Manager (or any person acting on its behalf) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be discontinued at any time, but must end no later than the earlier of thirty (30) days after the issue date of the Notes or sixty (60) days after the date of allotment of the Notes. Such stabilising shall be in compliance with all applicable laws, regulations and rules.

MARKET SHARE INFORMATION AND STATISTICS

This Prospectus contains information and statistics which are derived from, or are based upon, the Issuer's analysis of data obtained from the sources indicated in the section “*Description of the Issuer*” below. To the extent that such source is not indicated, such data derives from the Issuer's internal market data. Such information has been reproduced accurately in this Prospectus and, as far as the Issuer and the Guarantors are aware, no facts have been omitted which would render such reproduced information inaccurate or misleading.

NON-IFRS FINANCIAL MEASURES

This Prospectus contains certain non-IFRS financial measures including EBITDA, EBITA and EBIT.

EBITDA is the operating result before charging amortisation, depreciation and impairment of tangible fixed assets, intangible fixed assets and goodwill. EBITA is the operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations. EBIT is the operating result before financial income and charges and taxes.

It should be noted that EBITDA, EBITA and EBIT are not recognised as measures of performance or liquidity under IFRS and should not be recognised as alternatives to operating income or net profit or any other performance measures derived in accordance with IFRS or any other generally accepted accounting principles. EBITDA, EBITA and EBIT are used by management to monitor the underlying performance of the business and operations. EBITDA, EBITA and EBIT are not indicative of the Group's historical operating results, nor are meant to be predictive of future results. Since all companies do not calculate these measures in an identical manner, the Group's presentation may not be consistent with similar measures used by other companies. Therefore, undue reliance should not be placed on these data.

RECLASSIFICATION

This Prospectus contains certain financial figures which were subject to reclassification including the Reclassified Consolidated Balance Sheet, Reclassified Consolidated Income Statement and Reclassified Consolidated Cash Flow Statement.

The Reclassified Consolidated Balance Sheet aggregates assets and liabilities according to operating functionality criteria, subdivided by convention into the following three key functions: (i) investments; (ii) operations and (iii) finance.

The Reclassified Consolidated Income Statement aggregates the financial income, charges and value adjustments to financial assets into the three key categories of (i) income, expenses, valuation and adjustments of financial assets; (ii) net financial expenses; and (iii) exchange differences and non hedge accounting instruments.

The Reclassified Consolidated Cash Flow Statement shows the change in net debt between the beginning and the end of the relevant period.

Reference should be made to the notes to the relevant financial statements for further details.

CERTAIN DEFINED TERMS

References to the “**Issuer**” are to Amplifon S.p.A.; references to the “**Group**” are to the Issuer and its Subsidiaries (including the Guarantors) taken as a whole; references to the “**Guarantors**” are to Amplifon (USA), Inc. and National Hearing Centres Pty. Ltd.; and “**Subsidiaries**” has the meaning given to it in “*Terms and Conditions of the Notes*”.

References to the “**Joint Lead Managers**” are to Banca IMI S.p.A., BNP PARIBAS, Deutsche Bank AG, London Branch and UniCredit Bank AG.

References to the “**Trust Deed**” are to the trust deed constituting the Notes dated on or about the Closing Date (as defined herein) between the Issuer, the Guarantors and Citicorp Trustee Company Limited in its capacity as trustee, and references to the “**Trustee**” are to Citicorp Trustee Company Limited.

References to “€” or “**Euro**” are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the functioning of the European Union, as amended, references to “**U.S.\$**” and “**U.S. dollars**” are to the lawful currency of the United States and references to “**A\$**” or “**AUD**” are to the lawful currency of Australia.

Except where indicated, references to “**IFRS**” in this Prospectus are to International Financial Reporting Standards as adopted by the European Commission for use by companies listed on markets in the European Union.

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FORWARD-LOOKING STATEMENTS

This Prospectus contains certain statements that are, or may be deemed to be, forward-looking, including statements with respect to the Issuer's and the Group's business strategies, expansion of operations, trends in their business and their competitive advantage, information on technological and regulatory changes and information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate", "aim", "intend", "plan", "continue" or similar expressions. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof.

Any forward-looking statements are only made as of the date of this Prospectus, and the Issuer and the Guarantors do not intend, and do not assume any obligation, to update forward-looking statements set forth in this Prospectus. Many factors may cause the Issuer's, the Guarantors' or the Group's results of operations, financial condition, liquidity and the development of the industries in which they compete to differ materially from those expressed or implied by the forward-looking statements contained in this Prospectus.

The risks described under "Risk Factors" in this Prospectus are not exhaustive. Other sections of this Prospectus describe additional factors that could adversely affect the Issuer's, the Guarantors' and the Group's results of operations, financial condition, liquidity and the development of the industries in which they operate. New risks can emerge from time to time, and it is not possible for the Issuer or the Guarantors to predict all such risks, nor can the Issuer or the Guarantors assess the impact of all such risks on their business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not rely on forward looking statements as a prediction of actual results.

RISK FACTORS

Each of the Issuer and the Guarantors believes that the following factors may affect its ability to fulfil its obligations under the Notes or the Guarantees. Most of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantors are in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

Each of the Issuer and the Guarantors believes that the factors described below represent the principal risks inherent in investing in the Notes but the inability of the Issuer or the Guarantors to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by the Issuer and the Guarantors based on information currently available to them or which they may not currently be able to anticipate.

In addition, the sequence in which the risk factors are presented below is not indicative of their likelihood of occurrence or the scope of the consequences on the business, financial condition or results of operations of the Issuer or the Guarantors.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Words and expressions defined in “Terms and Conditions of the Notes” or elsewhere in this Prospectus have the same meaning in this section. References to a “Condition” is to such numbered condition in the Terms and Conditions of the Notes. Prospective investors should read the whole Prospectus.

Factors that may affect the ability of the Issuer and/or the Guarantors to fulfil their obligations under the Notes and/or the Guarantees

The Group's future operating results and financial condition may be affected by various factors, including those set forth below.

Please note that the following risk factors affect both the Issuer and the Guarantors, as they form part of the same Group and operate in the same business and industry.

Risks relating to economic and trading conditions

The Group operates in the retail, wholesale and service segment of the global hearing aid market. This business is dependent on general market conditions. Therefore, global economic conditions and conditions specific to Italy and other major European countries, where a significant amount of the Group's revenues are generated, could substantially affect its sales and profitability. Global economic activity has undergone a sharp economic downturn since 2007. In this context, global credit and capital markets have experienced unprecedented volatility and disruption and business credit and liquidity have tightened in much of the world. Consumer credit has also contracted in a number of major European markets, including Italy, and global unemployment rates have increased significantly. A continued economic slowdown, stress in the financial condition of the public sector, recession or loss of consumer demand could result in a decline in sales and also entail a shift to low-price products with lower margins in the territories in which the Group carries on its business and is likely to have a material adverse effect on its financial condition and results of operations.

Risks relating to changes in laws and regulations applicable to the Group

The Group operates in the medical sector which is subject to a wide variety of laws and regulations administered by national, regional and supranational government bodies. In particular, these laws govern: (i) reimbursements by the national health services or by private health insurance services for the purchase of hearing aids; and (ii) the supply of hearing aids to the public and, more specifically, the training and qualifications required to practise the profession of hearing aid fitting specialist. Accordingly, the business of the Group may be affected by changes in any such laws and regulations

and, in particular, by changes to the conditions for reimbursement, the way in which coverage is calculated, the ability to access national health insurance coverage, or the role of the ear-nose-and-throat specialists. Such laws and regulations may change (as has recently occurred in the State of California, Switzerland, New Zealand, The Netherlands and Germany), possibly with short notice, as a result of political, economic or social events. Changes in laws, regulations or governmental policies and the related interpretations may alter the environment in which the Group carries on its business and, accordingly, may have an adverse effect on its financial condition and results of operations or increase its costs or liabilities.

Risks relating to competition and price pressure

The global distribution of hearing aids is highly fragmented and may be affected at particular moments in the economic cycle by price competition designed to capture market share. Price pressures reduce profit margins and may even result in market operators making significant losses. The Group's main competitors, such as Siemens AG, GN ReSound, Sonova, William Demant, Audika S.A., HAL Holding NV, Kind, GAES and Speacsavers, are well-established operators in the hearing aid market and may prove to have greater resources in a given business area. In addition, the Group may be threatened by increased competition brought by new players entering into the market. In particular, a potential threat to the Group's profitability may be represented by the entry into the market by optician chains, which may use their existing stores as distribution channels, or by hearing aid producers which may realise higher margins through the pursuit of vertical integration or by e-commerce or on line players. The risk that new players may enter the market could also be facilitated if, as a consequence of regulatory changes, the qualifications required for store personnel to sell hearing aids becomes less stringent (as has recently occurred in some countries) or professions like audiologist/hearing aid specialists becomes more accessible. A decline in market share and/or reduced profit markets could have a material adverse effect on the Group's financial condition and results of operations.

Dependence on a limited number of suppliers

The Group operates in a market characterised by the presence of a limited number of hearing aid suppliers, the main suppliers being Siemens AG, GN ReSound, Sonova, William Demant, Starkey and Widex. In 2012, purchases from the six main suppliers accounted for almost 95 per cent. of the Group's purchases. The Group has currently in place master agreements for the supply of products with each of the above suppliers. If supplies from any of the Group's suppliers were to be interrupted or reduced in scale, the Issuer believes that it would be able to obtain products from alternative suppliers. However, this might not be achieved or, at least, might not be achieved under favourable terms and conditions with the volumes required. The interruption of services, also temporary, of one of the main suppliers, a failure to obtain products from alternative suppliers, or obtaining products on less favourable terms, could have a material adverse effect on the Group's financial condition and results of operations.

Exposure to retail chains and third party distributors

In a number of markets, particularly in the U.S., the Group relies upon third parties to distribute its devices. The use of third parties distributors and franchisees entails risks, including the risk of termination of contractual relations with such third parties. This risk is particularly concentrated in the United States where the Group's business model is based on commercial partners (Sears, franchisees and other indirect channels), as the economic performance and financial solidity of the latter must be monitored carefully in order to be able to react quickly if necessary (including by repositioning stores). In addition, in Italy, the majority of points of sale (397 out of 469, as at 31 December 2012) are run by agents who work exclusively with the Issuer and have acquired extensive information on the customers residing in their area of operation. A disruption or termination of the Group's current arrangements with these third parties could have a material adverse effect on the Group's financial condition and results of operations. In addition, the loss of market share or any

financial difficulties of these third parties, including insolvency, could have a material adverse effect on the Group's financial condition and results of operations.

Risks related to medical or technological developments

If medical research were to lead to the discovery of a cure for the various forms of hearing loss as an alternative to the hearing aid (e.g. by surgical techniques or the use of pharmaceuticals), the Group's profitability could suffer through a reduction in sales. In addition, technological changes affecting the development of the self-fitting hearing aid would entail a reduction of the importance of personalisation which is a distinctive feature the Group is offering. The discovery of a cure for the various forms of hearing loss or the development of the self-fitting hearing aid could result in a decreased use of the Group's devices and, accordingly, may have an adverse effect on the Group's financial condition and results of operations.

If the Group is not able to coordinate its relationships with the medical profession, this may adversely affect its business

Doctors have an important influence on customers' buying choices. The Group considers its relationship with the medical profession of primary importance, though in different ways, both in countries where a prescription is obligatory (such as Italy, France, Germany, Belgium, Switzerland and Hungary), and in those where it is not, since there is a strong bond between patients and their doctor. The Group has, therefore, created a position in the corporate centre to coordinate relationships with the medical profession internationally, with the aim of divulging information and providing professional and scientific support. The inability of the Group to preserve and coordinate its relationships with the medical profession, in the future, may make it difficult for the Group to manage its business and could adversely affect its financial condition and results of operations.

The Group's inability to preserve relationships with its customers may adversely affect its business

The Group's business consists in providing high quality services to customers in terms of both technical performance and personal relationship. Accordingly, the Group's profitability is highly dependent on the level of customer satisfaction, which in turn can be affected by a variety of factors, including, negative perception or negative and/or inaccurate publicity concerning the quality of the services provided by the Group. The inability of the Group to preserve relationships with its customers and to maintain a high level of customer satisfaction, in the future, may make it difficult for the Group to manage its business and could adversely affect its financial condition and results of operations.

If the Group is not able to attract and retain qualified personnel, this may adversely affect its business

The hearing aid fitting service supplied by the Group requires the use of specialist staff. Accordingly, the Group's success depends in part on the efforts and abilities to continue to attract, motivate and retain highly skilled and qualified personnel which are limited in number (including, in particular, qualified audiologists). The loss or retirement of key personnel, or an inability to identify, attract and retain qualified personnel, in the future, may make it difficult for the Group to manage its business and could adversely affect its financial condition and results of operations.

Risks related to negative impact on the reputation of, and value associated with, the Group's brands

The brand names represent an important asset of the Group's business. Maintaining the reputation and value associated with the Group's brands is central to the success of the business and there can be no assurance that the Group will be able to accomplish this objective. The Group relies on marketing to strengthen its brand names; however, marketing initiatives may prove to be ineffective. Significant negative publicity or widespread product recalls or other negative events could cause damage to the Group's brand names. Substantial erosion in the reputation or value associated with the Group's brand

names could have a material adverse effect on the Group's financial condition and results of operations.

Risks relating to product recalls or product liability actions

Under consumer product legislation in many countries, the Group may be forced to recall or repurchase defective products and more restrictive laws and regulations relating to these matters may be adopted in the future. The Group also faces exposure to product liability claims in the event that any of its devices is alleged to have resulted in personal injury or damage to property or otherwise to have caused harm. Depending on how widespread the alleged defect actually is, the Group may incur significant liabilities in recalling the device in question or in defending claims brought by customers and/or end users. In addition, any product recall or claim that results in significant adverse publicity may negatively affect the Issuer's business, financial condition or results of operations, particularly if those claims or recalls cause customers to question the safety or reliability of the Group's products.

Risks relating to product guarantees

As a result of contractual and legal provisions, the Issuer and the other companies forming part of the Group are required to provide product guarantees to their customers. Existing and future product guarantees place the Issuer and the other Group companies at the risk of incurring future repair and/or replacement costs. Substantial extraordinary amounts of product guarantee claims could have a material adverse effect the Group's business, financial condition and/or results of operations.

Risks related to its insurance coverage

The Group maintains insurance cover in an amount it believes appropriate to protect itself against a variety of exposures and risks, such as property damage and business interruption, and third party liabilities (including, medical malpractices). However, there can be no assurances that: (i) the Group will be able to maintain the same insurance cover in the future (on acceptable terms or at all); (ii) claims will not either exceed the amount of cover or fall outside the scope of the risks insured under the relevant policy; (iii) insurers will at all times be able to meet their obligations; or (iv) the Group's provisions for uninsured or uncovered losses will be sufficient to cover the full amount of liabilities eventually incurred.

Risks relating to acquisitions

The Group has in the past, and may in the future, make strategic business acquisitions in order to expand or complement its existing business, achieve synergies and cost savings, and improve operating efficiencies. Any such initiative is inherently risky and the Group could face the following unintended consequences: (i) inability to achieve strategic objectives, cost savings and other benefits from the acquisition; (ii) lack of success by the acquired business in its markets; (iii) difficulty in integrating the newly-acquired business and operations in an efficient and effective manner; (iv) loss of key employees of the acquired business; (v) difficulty in integrating human resources systems, operating systems, inventory management systems and assortment planning systems of the acquired business with the Group's systems; (vi) cultural differences between the Group's organisation and that of the acquired business; and (vii) liabilities that were not known at the time of acquisition or the need to address unexpected tax or accounting issues. As a result, the Group may fail to achieve its growth strategy and/or the intended benefits of any acquisition, or fail to do so within the period of time initially envisaged.

The operating results of the Group are subject to seasonality

The operating results of the Group are subject to seasonality. In particular, sales in Europe are concentrated in the second and fourth quarter of each financial year while sales in Australia are concentrated in the second and third quarter of each financial year. As a result of these quarterly fluctuations, a comparison of the overall Group's revenues and results of operations between different

quarters within a single financial year could not be meaningful and relied upon as an indication of the Group's future revenues or results of operations of a full year.

Exposure to increased or additional tax liabilities

The Group is subject to taxes in Italy and numerous other foreign jurisdictions. The Group's future effective tax rates could be affected by changes in the mix of earnings in countries with differing tax rules and rates, changes in corporation or other taxes (including withholding taxes), changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation, which could be applied retrospectively. Any of these changes could have a material adverse effect on the Group's profitability. Similarly, the Group's profitability could be affected by changes in customs duty legislation. The Group is also regularly subject to the examination of its tax returns by the Italian tax authorities, as well as the governing tax authorities in other countries where the Group operates. The Group routinely assesses the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of its provision for taxes. Currently, some of the Group's subsidiaries are under routine inspections by the local tax authorities and, in many of the jurisdictions in which the Group operates, tax claims by the authorities involving significant amounts of money are not uncommon and may have quite long prescription periods. Furthermore, such claims can lead to extremely drawn-out proceedings over many years. There can be no assurance that the outcomes of the current on-going examinations and possible future examinations will not have a material adverse effect on the Group's financial condition and results of operations.

The Group may be exposed to legal disputes

Due to the nature of its business, the Issuer and its subsidiaries may be involved in a number of legal, regulatory and arbitration proceedings involving claims by and against them arising out of the ordinary course of their business. While it is not feasible to predict or determine the possible occurrence and the ultimate outcome of these proceedings, whenever there are circumstances that may give rise to well-founded expectations by third parties that the Issuer or its subsidiaries are liable to fulfil any obligation, the Group has made allocations to risk provisions, recognised as liabilities in the Group's financial statements. However, the Group bases its estimates on the effect of the outcome of litigation on expectations, beliefs and assumptions on future developments that are subject to inherent uncertainties. Accordingly, there can be no assurance that provisions relating to litigation will be sufficient to cover the Group's ultimate loss or expenditure in its full entirety and/or that the results of certain legal proceedings will not harm the Group's reputation or brands.

Risks relating to information technology system failures, network disruptions and breaches in data security

The Group may be subject to information technology system failures, network disruptions and breaches in data security, which may materially adversely affect its operations, financial condition and operating results. The Group depends on information technology as an enabler to improve the effectiveness of its operations and to interface with its customers, as well as to maintain financial accuracy and efficiency. Information technology system failures could disrupt the Group's operations by causing transaction errors, processing inefficiencies, delays or cancellation of customer orders, the loss of customers, impediments to the manufacture or shipment of products, other business disruptions, or the loss of or damage to intellectual property through security breaches. The Group's information systems could also be penetrated by outside parties intent on extracting information, corrupting information or disrupting business processes. Such unauthorised access could disrupt the Group's business and could result in the loss of assets. In addition, as a significant proportion of the Group's information technology is outsourced, the Group relies to a considerable degree on the safety and security of information systems of third parties.

Exchange and interest rate risk

The Group conducts a significant portion of its operations outside the euro zone and, accordingly, carries on parts of its business in currencies other than the euro, including the US dollar, the British

pound and the Australian dollar. Fluctuations in the exchange rate between the euro and these currencies may adversely affect the Group's financial results, either in the form of lower revenues or increased costs, as well as having an impact on the value of its assets and liabilities. The Group is also exposed to the risk of interest rate changes relating to its borrowings and the cash held by it to manage day-to-day liquidity. Interest rate fluctuations could affect interest received on cash holdings, the amount of interest payable on existing debt or refinancing costs or, in the case of fixed interest debt, result in interest payments that are significantly above market rates. Although the Issuer uses derivatives to hedge its exposure to currency and interest rate fluctuations, there can be no assurance that this hedging activity will be sufficient or effective.

Credit risk

The Group is subject to credit risk arising from, *inter alia*, (i) sales made in the ordinary course of business (in particular, for payments to be made by the Group's main third party distributors), (ii) use of financial instruments requiring settlement with counterparty; and (iii) payments in connection with the transformation of the business model in the United States from direct to indirect channel. The inability of the Group's risk management procedures to prevent or offset breaches of payment obligations could have a significant adverse effect on the financial condition and results of operations of the Issuer.

Liquidity risk

The Issuer is exposed to a possible liquidity risk in that it may be unable to meet payment obligations because it has insufficient cash at its disposal, which may in turn arise from matters outside of its control, such as a credit crisis or severe economic conditions in the countries in which the Group operates. The inability to ensure sufficient liquidity could have a material adverse effect on the financial condition and results of operations of the Issuer.

International financial crisis

Since the second half of 2007, disruption in the global credit markets has created increasingly difficult conditions in the financial markets. These conditions have resulted in decreased liquidity and greater volatility in global financial markets, and continue to affect the functioning of financial markets and to impact the global economy. In Europe, despite measures taken by several governments, international and supranational organisations and monetary authorities to provide financial assistance to Eurozone countries in economic difficulty and to mitigate the possibility of default by certain European countries on their sovereign debt obligations, concerns persist regarding the debt and/or deficit burden of certain Eurozone countries, including the Republic of Italy, and their ability to meet future financial obligations, given the diverse economic and political circumstances in individual member states of the Eurozone. It remains difficult to predict the effect of these measures on the economy and on the financial system, how long the crisis will exist and to what extent the Issuer's business, results of operations and financial condition may be adversely affected. As a result, the Issuer's ability to access the capital and financial markets and to refinance debt to meet the financial requirements of the Issuer and the Group may be adversely impacted and costs of financing may significantly increase. This could materially and adversely affect the business, results of operations and financial condition of the Issuer, with a consequent adverse effect on the market value of the Notes and the Issuer's ability to meet its obligations under the Notes.

Ampliter N.V. ("Ampliter") owns a significant percentage of the Issuer's capital stock and effectively exercises control over the Group, and its interests may conflict with those of the Noteholders

As at the date of this Prospectus, Ampliter owned 54.32 per cent. of the share capital in the Issuer. As a result, Ampliter is able to exercise effective control over the Group. Circumstances may occur in which the interests of Ampliter could be in conflict with the interests of the Noteholders.

Risks Factors Relating to the Notes

The Notes are fixed rate securities and are vulnerable to fluctuations in market interest rates

The Notes will bear interest at a fixed rate. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital markets (“**Market Interest Rate**”). While the nominal interest rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such security changes in the opposite direction. If the Market Interest Rate increases, the price of such security typically falls, until the yield of such security is approximately equal to the Market Interest Rate. Conversely, if the Market Interest Rate falls, the price of a security with a fixed interest rate typically increases, until the yield of such security is approximately equal to the Market Interest Rate. Investors should be aware that movements of the Market Interest Rate could adversely affect the market price of the Notes.

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- (iv) understand thoroughly the terms of the Notes; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Notes, unless the potential investor has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor’s overall investment portfolio.

The Notes and the Guarantees are unsecured obligations

The Notes and the Guarantees will be direct, unconditional, unsecured (subject as provided in the “*Terms and Conditions of the Notes – Negative Pledge*”) and unsubordinated indebtedness of the Issuer and the Guarantors, respectively. For more information concerning the ranking of the Notes and the Guarantees, see “*Terms and Conditions of the Notes—Guarantee and Status*”.

The Notes and the Guarantees are unsecured and do not restrict the amount of debt which the Issuer or the Guarantors may incur

The terms and conditions relating to the Notes do not contain any restriction on the amount of indebtedness which the Issuer and its Subsidiaries may from time to time incur. In the event of any insolvency or winding-up of the Issuer or the Guarantors, the Notes or the Guarantees (as the case may be) will rank equally with the Issuer’s or the Guarantors’ other unsecured senior indebtedness and, accordingly, any increase in the amount of the Issuer’s or the Guarantors’ unsecured senior

indebtedness in the future may reduce the amount recoverable by Noteholders. In addition, the Notes are unsecured and, although they restrict the giving of security by the Issuer and its Subsidiaries over Relevant Indebtedness and guarantees in respect of such indebtedness a number of exceptions apply, as more fully described in “*Terms and Conditions of the Notes - Negative Pledge*”. Where security has been granted over assets of the Issuer to secure indebtedness, in the event of any insolvency or winding-up of the Issuer or the Guarantors, such secured indebtedness will rank in priority over the Notes and other unsecured indebtedness of the Issuer or the Guarantors in respect of such assets.

The claims of Noteholders are structurally subordinated with respect to entities that are not guarantors of the Notes

The operations of the Group are principally conducted through subsidiaries of the Issuer, including (but not limited to) the Guarantors. Noteholders will not have a claim against any subsidiaries of the Issuer other than the Guarantors or any Additional Guarantor or Successor Guarantor. The assets of the Issuer’s non-guarantor subsidiaries will be subject to prior claims by creditors of those subsidiaries, whether such creditors are secured or unsecured.

The Issuer and the Guarantors may not have sufficient funds at the time of occurrence of a change of control to redeem outstanding Notes

Upon the occurrence of certain events relating to the Issuer as set out in “*Terms and Conditions of the Notes – Redemption and Purchase – Redemption at the Option of the Holders upon a Change of Control*” under certain circumstances the Noteholders will have the right to require the Issuer to redeem their outstanding Notes at their principal amount plus accrued and unpaid interest, if any, to the date of redemption. However, it is possible that the Issuer and the Guarantors will not have sufficient funds at the time of occurrence of such events to make the required redemption of Notes. In addition, except as specifically set out in “*Terms and Conditions of the Notes – Redemption and Purchase – Redemption at the Option of the Holders upon a Change of Control*”, the Notes do not contain provisions that provide a right to Noteholders to require the Issuer to purchase or redeem the Notes in any other circumstances.

Payments in respect of the Notes may in certain circumstances be made subject to withholding or deduction of tax

All payments in respect of Notes and the Guarantees will be made free and clear of withholding or deduction of Italian, United States or Australian taxation, respectively, unless the withholding or deduction is required by law. In that event, the Issuer will pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required. The Issuer’s obligation to gross up is, however, subject to a number of exceptions, including withholding or deduction of:

- (a) Italian substitute tax (*imposta sostitutiva*), pursuant to Italian Legislative Decree No. 239 of 1 April 1996; and
- (b) withholding tax operated in certain member states of the European Union (each a “**Member State**”) pursuant to EC Council Directive 2003/48/EC and similar measures agreed with the European Union by certain non-EU countries and territories, a brief description of which is set out below.

See “*Terms and Conditions of the Notes – Taxation*”.

Prospective purchasers of Notes should consult their tax advisers as to the overall tax consequences of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws of any country or territory. See also “*Taxation*”.

Italian substitute tax

Italian substitute tax is applied to payments of interest and other income (including the difference between the redemption amount and the issue price) at a rate of twenty per cent. (20%) to (i) certain Italian resident Noteholders and (ii) certain non-Italian resident Noteholders who have not filed in due time with the relevant depository a declaration (*autocertificazione*) stating, *inter alia*, that he or she is resident for tax purposes in a country which allows for an adequate exchange of information with the Italian tax authorities.

EU Savings Directive

Under EC Council Directive 2003/48/EC (“**EU Savings Directive**”) on the taxation of savings income, Member States are required to provide the tax authorities of another Member State with details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The withholding tax system applies for a transitional period with the rate of withholding currently at 35%. The transitional period is to terminate at the end of the first full tax year following agreement by certain non-EU countries to the exchange of information relating to such payments. A number of non-EU countries and territories have agreed to adopt similar measures (either provision of information or transitional withholding).

On 10 April 2013, Luxembourg officially announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payment of interest (or similar income) as from this date.

The European Commission has proposed certain amendments to the EU Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above. If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive.

Investors must rely on the procedures of the Clearing Systems to trade their beneficial interests in the Notes and to receive payments under the Notes

The Notes will be deposited with a Common Safekeeper for the Clearing Systems. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive Definitive Notes. The Clearing Systems will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through the Clearing Systems. While the Notes are represented by one or more Global Notes, the Issuer and the Guarantors will discharge their payment obligations under the Notes by making payments to the Clearing Systems for distribution to their accountholders. A holder of a beneficial interest in a Global Note must rely on the procedures of the Clearing Systems to receive payments under the relevant Notes. The Issuer and the Guarantors have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes. Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the Clearing Systems to appoint appropriate proxies.

Minimum Denomination

The Notes are issued in denominations of €100,000 or higher amounts which are integral multiples of €1,000, up to a maximum of €199,000. Although Notes may not be traded in amounts of less than

€100,000, it is possible that they will be traded in amounts that are not integral multiples of €100,000. In such case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than €100,000 may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to the minimum denomination. If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of €100,000 may be illiquid and difficult to trade.

Risks relating to change of law

The Conditions of the Notes will be based on English law and, in respect of the mandatory provisions relating to meetings of Noteholders and the Noteholders' Representative (*rappresentante comune*), on Italian law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or, as the case may be, Italian law or any administrative practice thereof after the date of this Prospectus.

Modification and waiver

The terms and conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally, including, *inter alia*, any proposal to modify the maturity of the Notes or the dates on which interest is payable on them, to reduce or cancel the principal amount of, or interest on, the Notes, or to change the currency of payment of the Notes. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders or Couponholders, agree to (i) the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes and/or (ii) determine without the consent of the Noteholders or Couponholders that any Event of Default or potential Event of Default shall not be treated as such, each in the circumstances described in Condition 13.3 (*Modification, Waiver, Authorisation and Determination*).

Insolvency laws applicable to the Issuer may not be as favourable to the Noteholders as bankruptcy laws in other jurisdictions

The Issuer is incorporated in the Republic of Italy. The Issuer and its Italian subsidiaries (as well as any of its subsidiaries whose centre of interests is deemed to be the Republic of Italy) will be subject to Italian insolvency laws. The Italian insolvency laws may not be as favourable to Noteholders' interests as creditors as the laws of other jurisdictions with which the Noteholders may be familiar.

For instance, if the Issuer becomes subject to certain bankruptcy proceedings, payments made by the Issuer in favour of the Noteholders or the Trustee on their behalf, prior to the commencement of the relevant proceeding, may be liable to claw-back by the relevant trustee. In particular, in a bankruptcy proceeding (*fallimento*), Italian law provides for a claw-back period of up to one year (six (6) months in some circumstances, two (2) years in other circumstances).

Furthermore, under Italian law, holders of the Notes do not have any right to vote at any shareholders' meetings of the Issuer. Consequently, Noteholders cannot influence any decisions by the Board of Directors of the Issuer or any decisions by shareholders concerning the Issuer's capital structure, including the declaration of dividends in respect of the Issuer's ordinary shares.

The Guarantees may be limited by applicable laws or subject to certain defences that may limit their validity and enforceability

The Guarantees given by the Guarantors provides Noteholders with a direct claim against the Guarantors in respect of the Issuer's obligations under the Notes. Enforcement of the Guarantees would be subject to certain generally available defences. Local laws and defences may vary, and may

include those that relate to corporate benefit, fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, and capital maintenance or similar laws. Enforcement of the Guarantees may also be affected by general law doctrines or statutory relief in relation to matters such as fraud, misrepresentation, mistake, duress, unconscionable conduct, frustration, estoppel, waiver, lapse of time, penalties, courts retaining their ability to adjudicate, public policy or illegality. A court might decline to exercise jurisdiction, for example if it considers that it is not the most appropriate forum or if the subject matter is concurrently before another court. Local laws may also require that parties act reasonably or in good faith in their dealings with each other, including in exercising rights, powers or discretions or forming opinions and may also include regulations or defences which affect the rights of creditors generally. Under local laws, equitable remedies, such as injunction and specific performance, may be discretionary (as is the case in Australia). They may also include regulations or defences which affect the rights of creditors generally. If a court were to find the Guarantees given by the Guarantors void or unenforceable as a result of such local laws or defences Noteholders would cease to have any claim in respect of the Guarantors and would be creditors solely of the Issuer. Enforcement of the Guarantees is subject to the detailed provisions contained in the Trust Deed which include certain limitations reflecting mandatory provisions of the laws of the Guarantors' respective jurisdiction.

With reference to any Guarantor incorporated in the United States:

Under U.S. federal bankruptcy laws or comparable provisions of state fraudulent transfer laws, the issuance of the Guarantee by a U.S. Guarantor could be voided, if, among other things, at the time the U.S. Guarantor issued the Guarantee, it:

- (i) intended to hinder, delay or defraud any present or future creditor; or
- (ii) received less than reasonably equivalent value or fair consideration for the incurrence of such indebtedness; and
 - (a) was insolvent or rendered insolvent by reason of such incurrence;
 - (b) was engaged in a business or transaction for which its remaining assets constituted unreasonably small capital; or
 - (c) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

The measures of insolvency for purposes of the foregoing considerations will vary depending upon the law applied in any proceeding with respect to the foregoing. Generally, however, the U.S. Guarantor would be considered insolvent if:

- (i) the sum of its debts, including contingent liabilities, was greater than the saleable value of all of its assets;
- (ii) the present fair saleable value of its assets was less than the amount that would be required to pay its probable liabilities on its existing debts, including contingent liabilities, as they become absolute and mature; or
- (iii) it could not pay its debts as they become due.

By its terms, the Guarantee by the U.S. Guarantor will limit its liability to the maximum amount it can pay without the Guarantee being deemed a fraudulent transfer. The Issuer believes that immediately after the issuance of the Notes by the Issuer and the issuance of the Guarantees by the Guarantors, the Issuer and each of the Guarantors will be solvent, will have sufficient capital to carry on its respective business and will be able to pay its respective debts as they mature. However, there can be no assurance as to what standard a court would apply in making these determinations or that a court would reach the same conclusions with regard to these issues. Certain U.S. federal bankruptcy courts have held that a determination as to whether a transferor is rendered insolvent by a transfer may

depend on the actual liabilities of the transferor, not what the transferor knows about such liabilities at the time of the transfer. Because liabilities that are unknown, or that are known to exist but whose magnitude is not fully appreciated at the time of the transfer, may be taken into account in the context of a future determination of insolvency, it may be difficult to know with certainty whether a transferor is solvent at the time of transfer, and there is an increased risk that a transfer may in the future be found to be a fraudulent conveyance.

Enforcement of the Guarantees across multiple jurisdictions may be difficult

The Issuer is incorporated under the laws of the Republic of Italy and the Guarantors are incorporated under the laws of the State of Delaware and Australia. In the event of bankruptcy, insolvency or a similar event, proceedings could be initiated in any of these jurisdictions. The rights of the holders of the Notes under the Guarantees will thus be subject to the laws of different jurisdictions, and it may be difficult to effectively enforce such rights in multiple bankruptcy, insolvency and other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors' rights. In addition, the bankruptcy, insolvency, administration and other laws of the jurisdiction of organisation of the Issuer and the Guarantors may be materially different from, or in conflict with, one another, including creditors' rights, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceeding. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdictions' law should apply and could adversely affect the ability to realise any recovery under the Notes and the Guarantees.

Risk Factors Relating to Markets Generally

Set out below is a brief description of the principal market risks that may be relevant in connection with an investment in Notes.

There is no active trading market for the Notes and one cannot be assured

Application has been made to admit the Notes to the official list of the Luxembourg Stock Exchange and for the Notes to be admitted to trading on the Luxembourg Stock Exchange's Euro MTF Market. The Notes are new securities for which there is currently no market. There can be no assurance as to the liquidity of any market that may develop for the Notes, the ability of Noteholders to sell such Notes or the price at which the Notes may be sold. The liquidity of any market for the Notes will depend on the number of holders of the Notes, prevailing interest rates, the market for similar securities and other factors, including general economic conditions, and the Issuer's financial condition, performance and prospects. In an illiquid market, the Noteholders might not be able to sell their Notes at any time at fair market prices.

There can be no assurance that an active trading market for the Notes will develop or, if one does develop, that it will be maintained. If an active trading market does not develop or cannot be maintained, this could have a material adverse effect on the liquidity and trading prices for the Notes.

Transfers of the Notes may be restricted, which may adversely affect the secondary market liquidity and/or trading prices of the Notes

The ability to transfer the Notes may also be restricted by securities laws or regulations of certain countries or regulatory bodies. See "*Subscription and Sale*".

The Notes have not been, and will not be, registered under the Securities Act or any state securities laws or the securities laws of any other jurisdiction. Noteholders may not offer the Notes in the United States or for the account or benefit of a U.S. person except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. It is the obligation of each Noteholder to ensure that offers and sales of Notes comply with all applicable securities laws. In addition, transfers to certain persons in certain other jurisdictions may be limited by law, or may result in the imposition of penalties or liability. For a

description of restrictions which may be applicable to transfers of the Notes, see “*Subscription and Sale*”.

The Notes are not rated and credit ratings may not reflect all risks

Neither the Notes nor the long-term debt of the Issuer are rated. To the extent that any credit rating agencies assign credit ratings to the Notes or any other senior unsecured indebtedness of the Issuer, such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating or the absence of a rating is not a recommendation to buy, sell or hold Notes and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to the purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes and the Guarantors will make payments under the Guarantees in Euro. This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (“**Investor’s Currency**”) other than Euro. These include the risk that exchange rates may change significantly (including changes due to devaluation of the Euro or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the Euro would decrease (i) the Investor’s Currency equivalent yield on the Notes, (ii) the Investor’s Currency-equivalent value of the principal payable on the Notes and (iii) the Investor’s Currency-equivalent market value of the Notes.

In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

DOCUMENTS INCORPORATED BY REFERENCE

The following financial information is incorporated by reference in this Prospectus:

- (i) the audited consolidated annual financial statements of the Issuer and its subsidiaries (including the Guarantors) as at and for the years ended 31 December 2012 and 2011 prepared in accordance with IFRS together with the accompanying notes and auditors' reports; and
- (ii) the unaudited consolidated interim financial statements of the Issuer and its subsidiaries (including the Guarantors) as at and for the three-month period ended 31 March 2013 prepared in accordance with IFRS.

Cross-reference list

The following tables show where the information incorporated by reference in this Prospectus can be found in the above-mentioned documents.

Audited consolidated annual financial statements of the Issuer

	2012	2011
Consolidated Income Statement.....	Pages 58 to 59	Pages 58 to 59
Reclassified Consolidated Balance Sheet	Page 60	Page 60
Condensed Reclassified Consolidated Cash Flow Statement	Page 61	Page 61
Consolidated Statement of Financial Position	Pages 150 to 151	Pages 148 to 149
Consolidated Income Statement.....	Page 152	Page 150
Statement of Comprehensive Income	Page 153	Page 151
Statement of changes in Consolidated Net Equity	Pages 154 to 155	Pages 152 to 153
Consolidated Cash Flow Statement	Page 156	Page 154
Explanatory Notes.....	Pages 158 to 233	Pages 156 to 231
Annexes	Pages 234 to 236	Pages 232 to 234
Independent Auditors' Report.....	Pages 238 to 239	Pages 236 to 237

Unaudited consolidated interim financial statements of the Issuer

	2013
Consolidated Income Statement.....	Page 13
Reclassified Consolidated Balance Sheet	Page 14
Condensed Reclassified Consolidated Cash Flow Statement	Page 15
Subsequent Events after 31 March 2013.....	Pages 41-42
Consolidated Statement of Financial Position	Pages 46 to 47
Consolidated Income Statement.....	Page 48
Statement of Comprehensive Income	Page 49
Statement of changes in Consolidated Net Equity	Pages 50 to 51
Consolidated Cash Flow Statement	Pages 52 to 53
Explanatory Notes.....	Pages 54 to 76
Annexes	Pages 77 to 79

Information contained in the above documents other than the information listed in the cross-reference list above is considered additional information and is not required by the rules and regulations of the Luxembourg Stock Exchange.

The consolidated financial statements of the Issuer referred to above are translated into English from the original Italian.

This Prospectus should be read and construed together with the information incorporated by reference herein. A copy of any document incorporated by reference in this Prospectus is available for viewing on the website of the Issuer (www.amplifon.com). A copy of this Prospectus and any document

incorporated by reference in this Prospectus will also be available free of charge at the specified office of the Paying Agent in Luxembourg, unless such documents have been modified or superseded. Such documents will also be available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu).

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes which (subject to completion and amendment) will be endorsed on each Note in definitive form. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “Summary of Provisions relating to the Notes in Global Form” below.

The €275,000,000 4.875 per cent. Guaranteed Notes due 16 July 2018 (the “**Notes**”, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 15 (*Further Issues*) and forming a single series with the Notes) of Amplifon S.p.A. (the “**Issuer**”) are guaranteed on a joint and several basis by each of Amplifon (USA), Inc. and National Hearing Centres Pty. Ltd. (each, a “**Guarantor**” and together with any Successor Guarantor or any Additional Guarantor (once the Notes have been issued) pursuant to Condition 9 below, the “**Guarantors**”). The Notes are constituted by a trust deed dated 16 July 2013 (as amended or supplemented from time to time, the “**Trust Deed**”) made between the Issuer, the Guarantors and Citicorp Trustee Company Limited as trustee (the “**Trustee**”).

These Conditions include summaries of the Trust Deed and Agency Agreement (as defined below), and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the Agency Agreement dated 16 July 2013 (such agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) made between the Issuer, the Guarantors, Citibank N.A., London Branch as principal paying agent (the “**Principal Paying Agent**”) and any other paying agents appointed thereunder from time to time (together with the Principal Paying Agent, the “**Paying Agents**”) and the Trustee are available for inspection during normal business hours by holders of the Notes (the “**Noteholders**”) and holders of the interest coupons appertaining to the Notes (the “**Couponholders**” and the “**Coupons**” respectively) at the registered office for the time being of the Trustee and at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. References in these Conditions to the Trustee and any Paying Agent shall include any successor appointed under the Trust Deed or the Agency Agreement, as the case may be.

References to “€” or “**Euro**” are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the functioning of the European Union, as amended.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are in bearer form, serially numbered, in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000, with Coupons attached on issue.

1.2 Title

Title to the Notes and the Coupons will pass by delivery.

1.3 Holder Absolute Owner

The Issuer, each Guarantor, any Paying Agent and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

2. GUARANTEE AND STATUS

2.1 Guarantee

Each Guarantor has unconditionally and irrevocably guaranteed on a joint and several basis (i) the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Agency Agreement, the Notes and the Coupons and (ii) the performance by the Issuer of all of its obligations under the Trust Deed, the Agency Agreement, the Notes and the Coupons. Each Guarantor's obligations in that respect (each, a "**Guarantee**" and together the "**Guarantees**", which expressions shall include, for the avoidance of doubt, any guarantees given by a Successor Guarantor and/or an Additional Guarantor pursuant to Condition 9 and the provisions of the Trust Deed in, and subject to the provisions of, and to the limitations contained in, the Trust Deed) are contained in the Trust Deed.

Pursuant to Condition 9 below and the provisions of the Trust Deed, the occurrence of a Permitted Transaction (as defined in Condition 9) may require a Successor Guarantor or an Additional Guarantor, as the case may be, to provide a Guarantee in respect of the Notes and the Trust Deed. Such Guarantee will be on a joint and several basis with each other Guarantee, to the extent permitted by law.

2.2 Status of the Notes

The Notes constitute direct, unconditional and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and rank and will rank *pari passu*, without any preference among themselves and at least *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

2.3 Status of the Guarantees

The Guarantees constitute direct, unconditional and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured obligations of the Guarantors and rank and will rank at least *pari passu* with all other outstanding unsecured and unsubordinated obligations of the relevant Guarantor, present and future, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

3. NEGATIVE PLEDGE

3.1 Negative Pledge

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), none of the Issuer or any Guarantor will, and each of the Issuer and the Guarantors shall procure that no Material Subsidiary will, create or have outstanding any Security Interest (other than a Permitted Security Interest) upon the whole, or with respect to, any part of their present or future business, undertakings, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, without:

- (a) at the same time or prior thereto, securing by way of Security Interest all amounts payable by the Issuer under the Notes, the Coupons and the Trust Deed or, as the case may be, by the Guarantors under the Guarantees equally and rateably with such Relevant Indebtedness to the reasonable satisfaction of the Trustee; or
- (b) providing such Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) either (A) as the Trustee in its absolute discretion considers to be not materially less beneficial to the interests of the Noteholders or (B) as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

3.2 Interpretation

For the purposes of these Conditions:

- (a) “**Consolidated Total Assets**” means, at any time, the total assets of the Issuer and its Subsidiaries as set forth in the most recent consolidated financial statements of the Issuer prepared in accordance with GAAP;
- (b) “**GAAP**” means generally accepted accounting principles as in effect from time to time in Italy and applicable to the Issuer, including International Financial Reporting Standards (as adopted by the European Union) if in effect at any such time;
- (c) “**Governmental Authority**” means:
 - (i) the government of the United States of America, Australia or Italy or any State or other political subdivision of any thereof, or
 - (ii) any other jurisdiction in which the Issuer or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Issuer or any Subsidiary, or
 - (iii) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government;
- (d) “**Indebtedness**” means any indebtedness (whether being principal, premium or interest) of any Person for or in respect of any money borrowed or raised;
- (e) “**Material Subsidiary**” means, at any time, each Subsidiary (a) the book value of the assets of which, together with the assets of the Subsidiaries of such Subsidiary, exceeds ten per cent. (10%) of Consolidated Total Assets at such time or (b) the revenues of which, together with the revenues of the Subsidiaries of such Subsidiary, for the fiscal year of the Issuer ending on or immediately preceding such time exceeded ten per cent. (10%) of the consolidated revenues of the Issuer and its Subsidiaries for such fiscal year, in cases under (a) and (b) above as set forth in the most recent consolidated financial statements of the Issuer prepared in accordance with GAAP;
- (f) “**Permitted Security Interest**” means:
 - (i) any Security Interest arising by operation of law; or
 - (ii) any Security Interest created by any entity upon the whole or any part of its undertaking or assets and subsisting at the time such entity (i) merges or consolidates with or is demerged, contributed or merged into or transferred to the Issuer, a Guarantor or a Material Subsidiary, (ii) becomes a Material Subsidiary of the Issuer or a Guarantor or (iii) sells, contributes or transfers all or substantially all of its assets to the Issuer, a Guarantor or a Material Subsidiary, *provided that* such Security Interest was not created in connection with, or in contemplation of, such merger, consolidation, demerger, contribution, transfer or sale or such entity becoming a Material Subsidiary and *provided further that* the principal amount of Relevant Indebtedness secured by such Security Interest is not subsequently increased; or
 - (iii) any Security Interest to secure Relevant Indebtedness upon or with respect to any present or future assets, receivables, remittances or payment rights of the Issuer, a Guarantor or any of its Material Subsidiaries (the “**Charged Assets**”) which is created pursuant to any securitisation or like arrangements whereby all or substantially all the payment obligations in respect of such Relevant

Indebtedness are to be discharged solely from the Charged Assets, *provided that* (a) the aggregate principal amount outstanding of the Relevant Indebtedness which is created pursuant to any securitisation or like arrangement and (b) the Charged Assets at any time in any fiscal year do not exceed ten per cent. (10%) of Consolidated Total Assets (as set forth in the most recent consolidated financial statements of the Issuer prepared in accordance with GAAP).

- (g) **“Person”** means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, business entity or Governmental Authority;
- (h) **“Relevant Indebtedness”** means (i) any Indebtedness, whether present or future, which is in the form of or represented by any bond, note (including, for the avoidance of doubt, any note issued on a private placement basis to investors), debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange, over-the-counter or other organised market for securities or (ii) any guarantee and/or indemnity in relation to any such Indebtedness;
- (i) **“Security Interest”** means any mortgage, charge, pledge, lien or other form of security interest including, without limitation, anything substantially analogous to any of the foregoing under the laws of any jurisdiction; and
- (j) **“Subsidiary”** means, as to any Person, any other Person in which such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such second Person, and any partnership or joint venture if more than a fifty per cent. (50%) interest in the profits or capital thereof is owned by such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries (unless such partnership can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries).

4. INTEREST

4.1 Interest Rate and Interest Payment Dates

The Notes bear interest from and including 16 July 2013 (the **“Issue Date”**) at the rate of 4.875 per cent. per annum (the **“Rate of Interest”**), payable annually in arrear on 16 July in each year (each an **“Interest Payment Date”**). The first payment (representing a full year’s interest) shall be made on 16 July 2014. The amount of interest payable on each Interest Payment Date shall be €48.75 per Calculation Amount.

4.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) seven (7) days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Principal Paying Agent or the Trustee and notice to that effect has been given to the Noteholders in accordance with

Condition 11 (*Notices*) (except to the extent that there is any subsequent default in payment).

4.3 **Calculation of Broken Interest**

If interest is required to be paid in respect of a Note on any date other than an Interest Payment Date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest cent, with 0.5 cents being rounded upwards and multiplying such rounded figure by a fraction equal to the denomination of such Note divided by the Calculation Amount.

In these Conditions:

- (a) “**Calculation Amount**” means €1,000; and
- (b) “**Day Count Fraction**” means (a) the actual number of days in the period from and including the date from which interest begins to accrue (the “**Accrual Date**”) to but excluding the date on which it falls due divided by (b) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date.

5. **PAYMENTS**

5.1 **Payments in respect of Notes**

Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

5.2 **Method of Payment**

Payments will be made by credit or transfer to a euro account (or to any other account to which euro may be credited or transferred) specified by the payee with a bank in a city in which banks have access to the TARGET System.

5.3 **Missing Unmatured Coupons**

Each Note should be presented for payment together with all relative unmatured Coupons failing which the full amount of any relative missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Coupon at any time before the expiry of ten (10) years after the Relevant Date (as defined in Condition 7 (*Taxation*)) in respect of the relevant Note (whether or not the Coupon would otherwise have become void pursuant to Condition 8 (*Prescription*)) or, if later, five (5) years after the date on which the Coupon would have become due, but not thereafter.

5.4 **Payments subject to Applicable Laws**

Payments in respect of principal and interest on Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

5.5 **Payment only on a Presentation Date**

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 4 (*Interest*), be entitled to any further interest or other payment if a Presentation Date is after the due date for such payment.

In these Conditions:

- (a) “**Business Day**” means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place;
- (b) “**Presentation Date**” means a day which (subject to Condition 8 (*Prescription*)):
 - (i) is or falls after the relevant due date;
 - (ii) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and
 - (iii) in the case of payment by credit or transfer to a euro account as referred to above, is a TARGET2 Settlement Day;
- (c) “**TARGET2 Settlement Day**” means any day on which the TARGET System is open; and
- (d) “**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) system.

5.6 **Partial payments**

If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

5.7 **Initial Paying Agents**

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents *provided that*:

- (a) there will at all times be an Agent;
- (b) so long as the Notes are listed on any stock exchange or admitted to trading by any relevant authority, a Paying Agent (which may be the Principal Paying Agent) having its specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;
- (c) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union who is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (d) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the Republic of Italy.

Notice of any termination or appointment and of any changes in specified offices will be given to the Trustee and the Noteholders promptly by the Issuer in accordance with Condition 11 (*Notices*).

6. REDEMPTION AND PURCHASE

6.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount together with any accrued and unpaid interest on 16 July 2018, subject as provided in Condition 5 (*Payments*).

6.2 Redemption for Taxation Reasons

If the Issuer certifies to the Trustee immediately before the giving of the notice referred to below that:

- (a) as a result of any change in, or amendment to, the laws or regulations of the Relevant Taxing Jurisdiction, or any change in the application or official interpretation of such laws or regulations (including a decision made by a court of competent jurisdiction), which change or amendment becomes effective after 12 July 2013, the Issuer or, if the Guarantees were called, the relevant Guarantor would be required to pay additional amounts as provided or referred to in Condition 7 (*Taxation*); and
- (b) such obligation cannot be avoided by the Issuer or the relevant Guarantor, as the case may be, taking reasonable measures available to it,

the Issuer may, at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 11 (*Notices*) (which notice shall be irrevocable), redeem the Notes in whole, but not in part, at any time, on an Interest Payment Date, at their principal amount together with interest accrued to but excluding the date of redemption *provided that* (i) no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or any Guarantor, as the case may be, would be obliged to pay such additional amounts if a payment in respect of the Notes were then payable and (ii) unless, at the time such notice is given, such change or amendment remains in effect (or due to take effect).

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories (as defined in the Trust Deed) of the Issuer or, as the case may be, the relevant Guarantor stating that the requirement referred to in (a) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer or, as the case may be, the relevant Guarantor taking reasonable measures available to it, and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

In these Conditions, the “**Relevant Taxing Jurisdiction**” means:

- (a) in respect of payments by the Issuer, the Republic of Italy or any political subdivision or any agency or authority thereof or therein having power to tax; or
- (b) in respect of payments by Amplifon (USA), Inc., the United States or any political subdivision or any agency or authority thereof or therein having power to tax; or
- (c) in respect of payments by National Hearing Centres Pty. Ltd., Australia or any political subdivision or any agency or authority thereof or therein having power to tax;
- (d) in the case of any Additional Guarantor or Successor Guarantor, the jurisdiction of such Additional Guarantor or Successor Guarantor, or any political subdivision or any authority thereof or therein having power to tax or in each such case any other jurisdiction or any political subdivision or any authority thereof or therein having

power to tax to which the Additional Guarantor or Successor Guarantor, as the case may be, becomes subject in respect of payments made by it of principal and interest on the Notes and Coupons;

- (e) in each of the above cases, any other jurisdiction or any political subdivision or any agency or authority thereof or therein having power to tax to which the Issuer may become subject in respect of payments of principal and interest on the Notes and Coupons or, in the case of any Guarantors, under the respective Guarantee.

6.3 **Redemption at the Option of the Holders upon a Change of Control**

Within fifteen (15) Business Days following the date upon which the Issuer first has knowledge of a Change of Control (as defined below), or a reasonable belief that a Change of Control has occurred, the Issuer will, and at any time upon the Trustee becoming aware that a Change of Control has occurred the Trustee may, and if so requested by the holders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction) direct the Issuer to give written notice thereof (a **“Change of Control Notice”**) to the holders of all outstanding Notes in accordance with Condition 11 (*Notices*), which Change of Control Notice shall (i) describe the facts and circumstances of such Change of Control in reasonable detail, (ii) refer to this Condition 6.3 and the rights of the holders of Notes hereunder, (iii) contain an offer to prepay on a date, which shall be no more than sixty (60) days and not less than thirty (30) days after the date upon which the Issuer or the Trustee, as the case may be, first acquired or were deemed to acquire knowledge of such Change of Control or the Issuer first had reasonable belief that such Change of Control had occurred, the entire unpaid principal amount of the Notes held by such holder, together with interest thereon to the prepayment date (a **“Change of Control Prepayment Date”**) (showing in such offer the amount of interest which would be paid on such prepayment date), and (iv) request such holder to notify the Issuer in writing by a stated date (a **“Response Date”**), which date is not less than ten (10) days prior to the Change of Control Prepayment Date and not less than thirty (30) days after such holder’s receipt of the Change of Control Notice, of its acceptance or rejection of such prepayment offer. For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, the Issuer shall also notify the Luxembourg Stock Exchange promptly of any Change of Control. If a holder does not notify the Issuer on or before the Response Date specified in the Change of Control Notice of such holder’s acceptance of the prepayment offer contained therein, then the holder shall be deemed to have waived its rights under this Condition 6.3.

On the Change of Control Prepayment Date, the entire unpaid principal amount of the Notes held by each holder of a Note who has accepted such prepayment offer, together with accrued and unpaid interest thereon to the prepayment date shall become due and payable. Upon such payment by the Issuer in accordance with the provisions of this Condition 6.3, each such holder shall surrender the Notes held by it to the Issuer for cancellation.

To exercise the right to require early redemption of any Notes, the holder of the Notes must deliver at the specified office of any Paying Agent, on any Business Day on or before the Response Date, a duly signed and completed notice of exercise in the form (for the time being current and which may, if such Notes are held in a clearing system, be in any form acceptable to such clearing system and may be delivered in any manner acceptable to such clearing system) obtainable from the specified office of any Paying Agent (a **“Put Notice”**) and in which the holder must specify a bank account to which payment is to be made under this Condition accompanied by such Notes or evidence satisfactory to the Paying Agent concerned that such Notes will, following the delivery of the Put Notice, be held to its order or under its control. A Put Notice given by a holder of any Note shall be irrevocable except where, prior to the Change of Control Prepayment Date, an Event of Default has occurred and is

continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Put Notice.

As used herein:

“**Change of Control**” shall be deemed to occur if any Person or Persons acting in concert (other than Permitted Holders), together with Affiliates thereof, shall in the aggregate, directly or indirectly, control or own (beneficially or otherwise) more than fifty per cent. (50%) (by number of shares) of the total voting power of all classes then outstanding of the voting stock of the Issuer.

For the purposes of this definition;

“**acting in concert**” means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Issuer by any of them, either directly or indirectly, to obtain or consolidate control of the Issuer;

“**Affiliate**” means, at any time, and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person, and, with respect to the Issuer, shall include any Person beneficially owning or holding, directly or indirectly, ten per cent. (10%) or more of any class of voting or equity interests of the Issuer or any Subsidiary of the Issuer or any Person of which the Issuer and its Subsidiaries beneficially own or hold, in the aggregate, directly or indirectly, ten per cent. (10%) or more of any class of voting or equity interests. As used in this definition, “**Control**” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise; and

“**Permitted Holders**” means (i) Anna Maria Formiggini Holland and Susan Carol Holland; (ii) any direct lineal descendants and spouses of any of the foregoing; (iii) any trust for the benefit of any person listed in clauses (i) and (ii) above; and (iv) any entity which is controlled by any of the foregoing listed in clauses (i) through (iii) above, directly or indirectly, individually or collectively, controls.

6.4 **No Other Redemption**

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 6.1 (*Redemption at Maturity*) to 6.3 (*Redemption at the Option of the Holders upon a Change of Control*) above.

6.5 **Purchases**

The Issuer, any Guarantor or any of their respective Subsidiaries may at any time purchase Notes (*provided that* all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price. Such Notes may be held, reissued or resold or, at the option of the Issuer, surrendered to the Principal Paying Agent for cancellation. None of the Issuer, any Guarantor or any of their respective Subsidiaries shall be entitled to vote at any meetings of Noteholders in relation to the Notes redeemed or held by it.

6.6 **Cancellations**

All Notes which are (a) purchased by or on behalf of the Issuer, any Guarantor or any of their respective Subsidiaries and surrendered for cancellation or (b) redeemed, and any unmatured Coupons attached to or surrendered with them, shall be cancelled and may not be reissued or resold.

6.7 Notices Final

Upon the expiry of any notice as is referred to in paragraph 6.2 or 6.3 above the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph. If more than one notice of redemption is given by the Issuer pursuant to these Conditions, or a Noteholder delivers a Put Notice pursuant to Condition 6.3 (*Redemption at the Option of the Holders upon a Change of Control*), the first in time of such notices shall prevail.

7. TAXATION

7.1 Payment without Withholding

All payments in respect of principal and interest by the Issuer in respect of the Notes and the Coupons or by any Guarantor under the Guarantees, as the case may be, will be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed or levied by or on behalf of any of the Relevant Taxing Jurisdictions, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer or, as the case may be, the relevant Guarantor will pay such additional amounts as may be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would have been received in respect of the Notes or (as the case may be) Coupons, in the absence of such withholding or deduction, except that no additional amounts shall be payable with respect to any Note or Coupon:

- (a) presented for payment by, or by a third party on behalf of, a holder who is liable to such Taxes, in respect of such Note or Coupon by reason of its having some connection (otherwise than merely by holding the Note or Coupon) with the Relevant Taxing Jurisdiction; or
- (b) presented for payment in the Republic of Italy; or
- (c) for or on account of *imposta sostitutiva* pursuant to Legislative Decree No. 239 of 1 April 1996, as amended, or related implementing regulations; or
- (d) in all circumstances in which the procedures to obtain an exemption from *imposta sostitutiva* or any alternative future system of deduction or withholding set forth in Legislative Decree No. 239, as amended, or related implementing regulations, have not been met or complied with, except where such procedures have not been met or complied with due to the actions or omissions of the Issuer or its agents; or
- (e) in respect of any payment to a holder who is a non-Italian resident individual or legal entity which is resident in a country which does not allow for a satisfactory exchange of information with the Italian tax authorities according to Article 6, Legislative Decree No. 239 of 1 April 1996; or
- (f) presented for payment more than thirty (30) days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the thirtieth such day; or
- (g) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- (h) held by or on behalf of a Noteholder or Couponholder who would have been able to lawfully avoid (but has not so avoided) such deduction or withholding by complying with any statutory requirements; or
- (i) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union, without prejudice to the option of the Issuer to redeem the Notes pursuant to, and subject to the conditions of, Condition 6.2 (*Redemption for Taxation Reasons*).

7.2 Interpretation

In these Conditions:

- (a) the “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the holders of Notes in accordance with Condition 11 (*Notices*) that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, *provided that* payment is in fact made upon such presentation; and
- (b) any reference in these Conditions to “principal” and/or “interest” shall be deemed to include any additional amounts which may be payable under this Condition 7 (*Taxation*).

8. PRESCRIPTION

Notes and Coupons will become void unless presented for payment within periods of ten (10) years (in the case of principal) and five (5) years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons, subject to the provisions of Condition 5 (*Payments*).

9. EVENTS OF DEFAULT

If any of the following events (“**Events of Default**”) occurs and is continuing, then the Trustee at its discretion may and, if so requested in writing by holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution (as defined in the Trust Deed), shall give notice to the Issuer that the Notes are, and shall accordingly forthwith become, immediately due and repayable at their principal amount, together with interest accrued to the date of repayment:

- (a) *Non-payment*: if default is made in the payment of any principal or interest due in respect of any Note when the same becomes due and payable and such failure continues for a period of seven (7) Business Days;
- (b) *Breach of other obligations*: if the Issuer or any Guarantor default in the performance of or compliance with any of its other obligations under these Conditions or the Trust Deed (other than those referred to in Condition 9(a) above) and such default (i) is, in the opinion of the Trustee, incapable of remedy or (ii) being a default which is, in the opinion of the Trustee, capable of remedy, continues for a period of thirty (30) days or such longer period as the Trustee may agree following service of a notice by the Trustee on the Issuer or the relevant Guarantor requiring the same to be remedied (any such written notice to be identified as a “notice of default” and to refer specifically to this Condition 9(b)); or

- (c) *Cross-default*: if (i) the Issuer, any Guarantor or any Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal or interest on any Indebtedness that is outstanding in an aggregate principal amount of at least €20,000,000 (or its equivalent in the relevant currency of payment) beyond any period of grace provided with respect thereto, or (ii) the Issuer, any Guarantor or any Subsidiary is in default in the performance of or compliance with any term of any evidence of any Indebtedness in an aggregate outstanding principal amount of at least €20,000,000 (or its equivalent in the relevant currency of payment) or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Indebtedness has become, or has been declared (or one or more Persons are entitled to declare such Indebtedness to be), due and payable before its stated maturity or before its regularly scheduled dates of payment; or
- (d) *Inability to pay debts*: if the Issuer, any Guarantor or any Material Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganisation or arrangement or any other petition in insolvency or bankruptcy, for liquidation or winding up, or to take advantage of any bankruptcy, insolvency, reorganisation, moratorium or other similar law of any jurisdiction, save for the purposes of or pursuant to, a Permitted Transaction (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated or wound up, or (vi) takes corporate action for the purpose of any of the foregoing or (vii) takes any corporate action, legal proceedings or other procedure or step (including a petition or a judicial and/or court order) in relation to *gestione provvisoria, fallimento, concordato preventivo, concordato fallimentare, liquidazione coatta amministrativa, amministrazione straordinaria, amministrazione straordinaria delle grandi imprese in stato di insolvenza, cessione di beni ai creditori, liquidazione*, or any other proceeding set out in Italian Royal Decree No. 267 of 16 March 1942, the Italian Civil Code and/or any other applicable Italian laws (including Law No. 80 of 14 May 2005), as well as any other proceeding defined as “*procedura di risanamento*” or “*procedura concorsuale*” under Italian Legislative Decree No. 170 of 21 May 2004; or
- (e) *Insolvency/Enforcement proceedings*: a court or Governmental Authority of competent jurisdiction enters an order appointing, without consent by the Issuer, any Guarantor or any Material Subsidiary, a custodian, receiver, administrator, administrative receiver, trustee (including, without limitation, any *curatore, liquidatore or commissario giudiziale*) or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganisation, (including, without limitation, any *concordato preventivo or amministrazione straordinaria*) or any other petition in insolvency or bankruptcy (including, without limitation, any *fallimento*) or for liquidation or winding up or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding up, (including, without limitation, any *scioglimento or liquidazione*) or liquidation of the Issuer, any Guarantor or any Material Subsidiary, save for the purposes of or pursuant to, a Permitted Transaction, or any such petition shall be filed against the Issuer, any Guarantor or any Material Subsidiary and such petition shall not be dismissed within sixty (60) days; or
- (f) *Analogous event*: any event occurs with respect to the Issuer, any Guarantor or any Material Subsidiary which under the laws of any jurisdiction is analogous to any of

the events described in Conditions 9(d) or (e) above, provided that the applicable grace period, if any, which shall apply shall be the one applicable to the relevant proceeding which most closely corresponds to the proceeding described in Conditions 9(d) or (e) above; or

- (g) *Unsatisfied judgement*: a final judgment or judgments for the payment of money aggregating in excess of €20,000,000 (or its equivalent in the relevant currency of payment) (to the extent not covered by insurance under which the insurer has admitted its liability in writing) are rendered against one or more of the Issuer, any Guarantor or any Subsidiary and which judgments are not, within sixty (60) days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within sixty (60) days after the expiration of such stay; or
- (h) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any substantial part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries; or
- (i) *Cessation of business*: the Issuer, either Guarantor or any Material Subsidiary ceases or threatens to cease to carry on all or a substantial part of its business, (otherwise than for the purposes of, or pursuant to, a Permitted Transaction), *provided that* the occurrence of a Put Event listed under Condition 6.3 (*Redemption and Purchase – Redemption at the Option of the Holders upon a Change of Control*) will not trigger the Event of Default set forth in this Condition 9(i); or
- (j) *Unlawfulness*: it is or will become unlawful for either the Issuer or either Guarantor to perform or comply with any of its material obligations under or in respect of the Notes or the Trust Deed, unless the matter giving rise to such unlawfulness is promptly remedied by the Issuer or either Guarantor, as the case may be;
- (k) *Guarantee*: if any Guarantee ceases to be in full force and effect with respect to the relevant Guarantor other than in accordance with the terms thereof and the terms of these Conditions or the relevant Guarantor or the Issuer so alleges in writing; or
- (l) *Guarantor*: if any Guarantor ceases to be a subsidiary that is controlled, directly or indirectly, by the Issuer, save for the purposes of or pursuant to, a Permitted Transaction.

As used herein:

“Permitted Transaction” means any “*fusione*” or “*scissione*” (such expressions bearing the meanings ascribed to them by the laws of the Republic of Italy) or any other reconstruction, amalgamation, reorganisation, merger, consolidation, or other similar arrangement, in each case:

- (a) on terms approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders; or
- (b) in the case of a Material Subsidiary, whilst solvent:
 - (i) whereby all or a substantial part of the assets and undertaking of such Material Subsidiary are transferred to or otherwise vested in the Issuer, a Guarantor or another Material Subsidiary; or
 - (ii) whereby any such Material Subsidiary sells, transfer, leases, exchanges or otherwise disposes of its business (or a substantial part thereof) (whether in the form of property or assets, including any receivables, shares, interest or other equivalents or corporate stock or other indicia of ownership) at a value that would be realized in an arm’s length sale; or

- (c) in the case of a Guarantor, whilst solvent whereby (i) all or a substantial part of the assets and liabilities of such Guarantor are transferred to or otherwise vested in the Issuer or another Guarantor or (ii) all or a substantial part of the assets and liabilities of such Guarantor are transferred to an entity which, prior to or immediately upon such transfer, is a Subsidiary of the Issuer and (I) where all the assets and liabilities of such Guarantor are so transferred, such entity (each such entity a “**Successor Guarantor**”) assumes, in accordance with applicable law, all the obligations of such Guarantor in respect of the relevant Guarantee and under the Trust Deed, or (II) where a substantial part of (but not all) the assets and liabilities of such Guarantor are so transferred, such entity becomes, in accordance with the provisions of the Trust Deed and upon execution of all necessary documents as specified in the Trust Deed, a guarantor (each an “**Additional Guarantor**” and together the “**Additional Guarantors**”) in respect of the Notes and the Issuer's obligation under the Trust Deed; or
- (d) in the case of the Issuer, whilst solvent whereby (i) a substantial part of the assets and liabilities of the Issuer are transferred to an entity (which prior to or immediately upon such transfer, is a Subsidiary of the Issuer) and (ii) such entity becomes, in accordance with the provisions of the Trust Deed and upon execution of all necessary documents as specified in the Trust Deed, an Additional Guarantor in respect of the Notes and the Issuer's obligations under the Trust Deed,

and, in the case of (c) and (d) above, opinions of independent legal advisers of recognised standing in the jurisdiction of such Guarantor, and if different, the Successor Guarantor or, as applicable, any Additional Guarantor, and as to English law, in each case in a form acceptable to the Trustee, having been delivered to the Trustee confirming that such Successor Guarantor or such Additional Guarantor, as the case may be, has assumed the relevant obligations in accordance with applicable law at the effective date of such “*fusionne*” or “*scissione*” or other reconstruction, amalgamation, reorganisation, merger, consolidation, or other similar arrangement *provided that*, for the avoidance of doubt, in the case of (c) above, where the relevant assets are transferred to or otherwise vested in the Issuer, no such opinions will be required or necessary.

The expression a “**substantial part**” of the business, undertaking or assets means a part of the relevant entity's business, undertaking or assets which accounts for thirty-five per cent. (35%) or more of its assets and/or gross revenues.

10. REPLACEMENT OF NOTES AND COUPONS

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent or the Paying Agent in Luxembourg, subject to all applicable laws, listing authority requirements and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer and any Guarantor may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

11. NOTICES

11.1 Notices to the Noteholders

All notices to the Noteholders will be valid if published in a leading English language daily newspaper published in London or such other English language daily newspaper with general circulation in Europe as the Issuer may decide and, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in one daily newspaper published in Luxembourg. It is expected that publication will normally be made in the *Financial Times*

and the *Luxemburger Wort* or the *Tageblatt* on the Issue Date. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

11.2 Notices from the Noteholders

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Principal Paying Agent or, if the Notes are held in a clearing system, may be given through the clearing system in accordance with the standard rules and procedures.

12. TRUSTEE

12.1 Under the Trust Deed, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

12.2 In connection with the exercise by the Trustee of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, any Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 7 (*Taxation*) and/or any undertaking given in addition to, or in substitution for, Condition 7 (*Taxation*) pursuant to the Trust Deed.

13. MEETINGS OF NOTEHOLDERS, NOTEHOLDERS' REPRESENTATIVE AND MODIFICATION

13.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including, inter alia, the modification or abrogation by Extraordinary Resolution (as defined in the Trust Deed) of the Notes or any of the provisions of the Trust Deed. Subject to any mandatory laws, legislation, rules and regulations of Italian law applicable from time to time, as well as the Issuer's by-laws, any such meeting may be convened by the board of directors of the Issuer, the Trustee or the Noteholders' Representative (as defined below) at their discretion and, in any event, upon the request in writing signed by any Noteholder(s) holding not less than one-twentieth of the aggregate principal amount of the Notes for the time being remaining outstanding. If the board of directors or the statutory auditors of the Issuer default in convening such a meeting following such request or requisition by the Noteholders, the same may be convened by decision of the President of the competent court upon in accordance with the provisions of Article 2367 of the Italian Civil Code. Every such meeting shall be held at such time and place as provided

pursuant to Article 2363 of the Italian Civil Code and the Issuer's by-laws, in force from time to time.

Subject to the provisions of the following paragraph, such a meeting will be validly held (subject to any mandatory laws, legislation, rules and regulations of Italian law, as well as the Issuer's by-laws, in force from time to time) if: (a) in the case of a sole meeting (*convocazione unica*), there are one or more persons being or representing Noteholders holding at least one fifth of the aggregate principal amount of the outstanding Notes; (b) in the case of a first meeting, there are one or more persons present being or representing Noteholders holding at least one half of the aggregate principal amount of the outstanding Notes; (b) in the case of a second meeting, there are one or more persons present being or representing Noteholders holding more than one third of the aggregate principal amount of the outstanding Notes; or (c) in the case of any subsequent adjourned meeting, there are one or more persons present being or representing Noteholders holding at least one fifth of the aggregate principal amount of the outstanding Notes.

The majority required to pass a resolution at any meeting (including any adjourned meeting) convened to vote on any resolution (subject to any mandatory laws, legislation, rules and regulations of Italian law, as well as the Issuer's by-laws, in force from time to time) will be (a) for voting on any matter other than a Reserved Matter, one or more persons holding or representing at least two-thirds of the aggregate principal amount of the outstanding Notes represented at the meeting or (b) for voting on a Reserved Matter, the higher of (i) one or more persons holding or representing not less than one half of the aggregate principal amount of the outstanding Notes and (ii) one or more persons holding or representing not less than two thirds of the Notes represented at the meeting, *provided that*, to the extent permitted under applicable provisions of Italian law, the Issuer's by-laws may in each case provide for higher majorities. Any resolution duly passed at any such meeting shall be binding on all the Noteholders, whether or not they are present at the meeting and on all Couponholders.

“**Reserved Matter**” has the meaning given to it in the Trust Deed.

13.2 **Noteholders' Representative**

A joint representative of Noteholders (*rappresentante comune*) (the “**Noteholders' Representative**”), subject to any applicable provisions of Italian law, is appointed in accordance with and pursuant to Article 2417 of the Italian Civil Code in order to represent the Noteholders' interest under these Conditions and to give effect to the resolutions passed at a meeting of the Noteholders. If the Noteholders' Representative is not appointed by an Extraordinary Meeting of such Noteholders, it shall be appointed by a decree of the competent court where the Issuer has its registered office at the request of one or more Noteholders or at the request of the directors of the Issuer. The Noteholders' Representative shall have the powers and duties set out in Article 2418 of the Italian Civil Code.

13.3 **Modification, Waiver, Authorisation and Determination**

The Trustee (a) may agree, without the consent of the Noteholders or Couponholders to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not materially prejudicial to the interests of the Noteholders) or (b) may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or (c) may agree, without any such consent as aforesaid, to any modification if it is made to comply with mandatory provisions of Italian law or (d) may agree with the Issuer and the Guarantors in making any other modification to the Trust Deed, the Agency Agreement or the Conditions provided the Trustee shall not give such consent

until it has been instructed to do so pursuant to an Extraordinary Resolution passed at a meeting of Noteholders convened by the Issuer and the Guarantors for such purpose. Any such modification shall be binding on the Noteholders and the Couponholders. Any modification, waiver, authorisation or determination shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 11 (*Notices*).

The Trustee shall not be obliged to consent to any modification under this Condition 13.3 (*Modification, Waiver, Authorisation and Determination*) which would, in its sole opinion (a) expose the Trustee to any liability against which it has not been indemnified and/or prefunded and/or secured to its satisfaction or (b) increase the obligations or duties, or decrease the protections, of the Trustee in the Trust Deed or the Conditions.

14. ENFORCEMENT

14.1 Enforcement by the Trustee

The Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to do so or to take any other action under or pursuant to the Trust Deed unless:

- (a) it has been so requested in writing by the holders of at least one quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and
- (b) it has been indemnified, provided with security and/or prefunded to its satisfaction.

14.2 Enforcement by the Noteholders

No Noteholder may proceed directly against the Issuer or any Guarantors unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

15. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or Couponholders and in accordance with the Trust Deed, create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the Issue Date and the amount and date of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes. The Issuer may from time to time, with the consent of the Trustee, create and issue other series of notes having the benefit of the Trust Deed

16. GOVERNING LAW AND SUBMISSION TO JURISDICTION

16.1 Governing Law

The Trust Deed (including the Guarantees), the Agency Agreement, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed (including the Guarantees), the Agency Agreement, the Notes and the Coupons are governed by, and will be construed in accordance with English law, save that provisions in these Conditions and in the Trust Deed relating to Noteholders' meetings and the Noteholders' Representative are subject to compliance with mandatory provisions of Italian law.

16.2 **Jurisdiction of English Courts**

Each of the Issuer and the Guarantors has, in the Trust Deed, irrevocably agreed for the benefit of the Noteholders and the Couponholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed (including the Guarantees), the Notes or the Coupons and accordingly has submitted to the exclusive jurisdiction of the English courts. The Issuer and the Guarantors waive any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.

The Trustee, the Noteholders and the Couponholders may take any suit, action or proceeding arising out of or in connection with the Trust Deed (including the Guarantees), the Notes or the Coupons respectively (together referred to as “**Proceedings**”) against the Issuer or the Guarantors in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

16.3 **Appointment of Process Agent**

Each of the Issuer and the Guarantors has, in the Trust Deed, irrevocably and unconditionally appointed Amplifon United Kingdom Limited (company number 05803524), whose registered office is at Gateway House, Styal Road, Manchester, Greater Manchester, M22 5WY, England, as its agent for service of process in England in respect of any Proceedings and has undertaken that in the event of such agent ceasing so to act it will appoint another person as the Trustee may approve as its agent for that purpose.

16.4 **Other Documents**

Each of the Issuer and the Guarantors has in the Trust Deed and in the Agency Agreement submitted to the jurisdiction of the English courts and appointed an agent in England for service of process, in terms substantially similar to those set out above.

17. **RIGHTS OF THIRD PARTIES**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note or the Trust Deed, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

There will appear at the foot of the Conditions endorsed on each Note in definitive form the names and Specified Offices of the Trustee and the Paying Agents as set out at the end of this Prospectus.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Temporary Global Note and the Permanent Global Note (each, a “**Global Note**”) contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. Beneficial interests in the Permanent Global Note will be shown on, and transfers thereof will be effected only through, records maintained in a book-entry form by Euroclear and/or Clearstream, Luxembourg. The Global Notes will be issued in NGN form. On 13 June 2006 the European Central Bank (the “**ECB**”) announced the Notes in NGN form are in compliance with the “Standards for the use of EU securities settlement systems in ESCB credit operations” of the central banking system for the euro (the “**Eurosystem**”), provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The following is a summary of certain of those provisions:

Exchange for Permanent Global Note and Definitive Notes

- (a) The Temporary Global Note will be exchangeable, in whole or in part, for the Permanent Global Note not earlier than forty (40) days after the Closing Date upon certification as to non-U.S. beneficial ownership.
- (b) The Permanent Global Note is exchangeable in whole, but not in part, for definitive bearer Notes only if (i) it is held on behalf of Euroclear or Clearstream, Luxembourg, and any such Clearing System is closed for business for a continuous period of fourteen (14) days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so; or (ii) an Event of Default (as defined in Condition 9 (*Events of Default*)) occurs.

If principal in respect of any Notes is not paid when due and payable the holder of the Permanent Global Note may by notice to the Paying Agent require the exchange of a specified principal amount of the Permanent Global Note (which may be equal to or *provided that*, if the Permanent Global Note is held by or on behalf of a Clearing System, that Clearing System agrees) less than the outstanding principal amount of Notes represented thereby) for definitive Notes on or after the exchange date specified in such notice.

On or after any exchange into definitive Notes the holder of the Permanent Global Note may surrender the Permanent Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Paying Agent. In exchange for the Permanent Global Note, or the part thereof to be exchanged, the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive Notes in bearer form (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange in full of the Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with any relevant definitive Notes.

Payments

No payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused *provided that*, in the case of an improper withholding of, or refusal to exchange, an interest in the Permanent Global Note, a certificate of non-U.S. beneficial ownership has been properly provided.

Payments of principal and interest in respect of Notes represented by the Permanent Global Note will be made against presentation for endorsement and, if no further payment fails to be made in respect of the Notes, surrender of the Permanent Global Note to or to the order of any Paying Agent as shall have been notified to the Noteholders for such purpose, and may be made, at the direction of the holder of the Permanent Global Note, to the relevant Clearing Systems for credit to the account or accounts of the accountholder or accountholders appearing in the records of the relevant Clearing System as having Notes credited to them. The Issuer shall procure that a record of each payment made in respect of the Permanent Global Note shall be made by the relevant Clearing Systems.

Payments on business days

In the case of all payments made in respect of the Temporary Global Note and the Permanent Global Note “business day” means any day on which the TARGET system is open.

Notices

Notices shall be given as provided in Condition 11 (*Notices*), save that so long as the Notes are represented by the Temporary Global Note or Permanent Global Note and the Temporary Global Note or Permanent Global Note is held on behalf of a Clearing System, notices to Noteholders may be given by delivery of the relevant notice to the relevant Clearing System for communication to the relevant Accountholders (as defined below) rather than by publication as required by Condition 11 (*Notices*), *provided, however*, that so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices will also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxembourger Wort*) or be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). Any notice delivered to Euroclear and/or Clearstream, Luxembourg shall be deemed to have been given to Noteholders on the date on which such notice is delivered to the relevant Clearing System.

Purchase and cancellation

Cancellation of any Note to be cancelled following its purchase by the Issuer will be effected by a reduction in the principal amount of the relevant Global Note.

Prescription

Claims against the Issuer and the Guarantors in respect of principal, premium and interest on the Notes while the Notes are represented by the Permanent Global Note will become void unless it is presented for payment within a period of ten (10) years (in the case of principal) and five (5) years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7 (*Taxation*)).

Put Option

The Noteholders’ option in Condition 6.3 (*Redemption at the Option of the Holders upon a Change of Control*) may be exercised by the holder of the Permanent Global Note giving notice to the Paying Agent of the principal amount of Notes in respect of which the option is exercised within the time limits specified in Condition 6.3 (*Redemption at the Option of the Holders upon a Change of Control*).

Redemption at the Option of the Issuer

The option of the Issuer provided for in Condition 6.2 (*Redemption for Taxation Reasons*) shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in, and containing the information required by, that Condition.

Authentication and Effectuation

Neither the Temporary Global Note nor the Permanent Global Note shall become valid or enforceable for any purpose unless and until it has been authenticated by or on behalf of the Paying Agent and effectuated by the entity appointed as Common Safekeeper by Euroclear and/or Clearstream, Luxembourg.

Accountholders

For so long as any of the Notes is represented by the Permanent Global Note or by the Permanent Global Note and Temporary Global Note and such Global Note(s) is/are held on behalf of the relevant Clearing Systems, each person (other than a relevant Clearing System) who is for the time being shown in the records of a relevant Clearing System as the holder of a particular principal amount of Notes (each an “**Accountholder**”) (in which regard any certificate or other document issued by a relevant Clearing System as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of that principal amount for all purposes (including but not limited to for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders and giving notice to the Issuer pursuant to Condition 9 (*Events of Default*) and Condition 6.3 (*Redemption at the Option of the Holders upon a Change of Control*)) other than with respect to the payment of principal and interest on the Notes, the right to which shall be vested, as against the Issuer, the Guarantors and the Trustee, solely in the bearer of the Permanent Global Note in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to the relevant Clearing Systems for its share of each payment made to the bearer of the Permanent Global Note.

Eligibility of the Notes for Eurosystem Monetary Policy

The Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Notes are upon issue deposited with one of the international central securities depositories (ICSDs) as Common Safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem (Eurosystem Eligible Collateral) either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria and other obligations (including the provision of further information) as specified by the ECB from time to time. As at the date of this Prospectus, one of the Eurosystem eligibility criteria for debt securities is an investment grade rating and, accordingly, as the Notes are unrated, they are not expected to satisfy the requirements for Eurosystem eligibility.

USE OF PROCEEDS

The net proceeds of the issue of the Notes, expected to amount to approximately €272,274,750, will be used by the Issuer (i) primarily to repay existing indebtedness of the Group (a portion of which is owed to certain of the Joint Lead Managers, directly or through an affiliate or through companies being part of their banking group, including parent companies) and (ii) for the remaining portion, for its general corporate purposes. See “*Description of the Issuer – Financing*” and “*General Information – Potential Conflicts of Interest*”.

OVERVIEW CONSOLIDATED FINANCIAL INFORMATION RELATING TO THE GROUP

The tables below set out an overview of consolidated financial information of the Group as at and for the years ended 31 December 2012 and 2011 and as at and for the three-month period ended 31 March 2013. Such information is derived from and should be read in conjunction with, and is qualified in its entirety by reference to the full audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2012 and 2011 and the unaudited consolidated interim financial statements of the Issuer as at and for the three-month period ended 31 March 2013, in each case together with the accompanying notes thereto and (where applicable) reports of the Issuer's external auditors, all of which are incorporated by reference in this Prospectus. See "*Documents incorporated by reference*", "*Non-IFRS Financial Measures*" and "*Reclassification*".

The Issuer's consolidated annual financial statements as at and for the years ended 31 December 2012 and 2011 and its interim financial statements as at and for the three-month period ended 31 March 2013 have been prepared in accordance with IFRS. PricewaterhouseCoopers S.p.A., auditors to the Issuer have audited the Issuer's consolidated annual financial statements as at and for the years ended 31 December 2012 and 2011. The unaudited consolidated interim financial statements of the Issuer as at and for the three-month period ended 31 March 2013 have not been audited or reviewed by independent auditors. The tables below are translated into English from the original Italian.

Amplifon S.p.A.

Consolidated Statement of Financial Position

	As at 31 December		
	2012	2011	Change
	(Euro thousands)		
ASSETS			
Non-current assets			
Goodwill	551,853	543,443	8,410
Intangible fixed assets with finite useful life	144,621	153,819	(9,198)
Tangible fixed assets	94,070	91,380	2,690
Investments valued at equity	1,348	1,083	265
Financial assets measured at fair value through profit or loss	3,742	7,421	(3,679)
Long-term hedging instruments	6,605	10,744	(4,139)
Deferred tax assets	48,039	48,408	(369)
Other assets	34,247	31,610	2,637
Total non-current assets	884,525	887,908	(3,383)
Current assets			
Inventories	34,196	34,651	(455)
Trade receivables	111,115	104,838	6,277
parent companies	43	96	(53)
Tax receivables	7,955	5,297	2,658
Other receivables	19,364	20,040	(676)
Hedging instruments	532	—	532
Cash and cash equivalents	111,180	108,305	2,875
Total current assets	284,342	273,131	11,211
TOTAL ASSETS	1,168,867	1,161,039	7,828

Amplifon S.p.A.

Consolidated Statement of Financial Position (Cont'd)

	As at 31 December		
	2012	2011	Change
	(Euro thousands)		
LIABILITIES			
Net Equity			
Share capital	4,468	4,422	46
Share premium account	186,775	183,317	3,458
Treasury shares	(44,091)	(44,091)	–
Other reserves	19,627	19,390	237
Profit (loss) carried forward	219,601	184,908	34,693
Profit (loss) for the period	43,182	42,698	484
Group net equity	429,562	390,644	38,918
Minority interests	596	526	70
Total net equity	430,158	391,170	38,988
Non-current liabilities			
Financial liabilities.....	284,714	401,132	(116,418)
related parties.....	361	–	361
Provisions for risks and charges	32,525	27,123	5,402
Liabilities for employees' benefits	15,203	11,101	4,102
Hedging instruments	15,319	16,668	(1,349)
Deferred tax liabilities	53,081	53,572	(491)
Payables for business acquisitions	3,774	1,063	2,711
Other long-term debt	275	499	(224)
Total non-current liabilities	404,891	511,158	(106,267)
Current liabilities			
Trade payables	98,016	96,613	1,403
related parties.....	245	–	245
Payables for business acquisitions	474	365	109
Other payables	87,827	86,970	857
Hedging instruments	2,078	304	1,774
Tax payables	25,631	23,563	2,068
Provisions for risks and charges	689	1,107	(418)
Liabilities for employees' benefits	57	685	(628)
Financial payables	119,046	49,104	69,942
related parties.....	81	–	81
Total current liabilities	333,818	258,711	75,107
TOTAL LIABILITIES	1,168,867	1,161,039	7,828

Amplifon S.p.A.

Consolidated Income Statement

	For the year ended 31 December		
	2012	2011	Change
	(Euro thousands)		
Revenues from sales and services	846,611	827,442	19,169
Cost of raw materials, consumables and supplies and change in inventories of raw materials, consumables and supplies	(189,731)	(178,527)	(11,204)
Personnel expenses	(257,783)	(248,932)	(8,851)
parent companies	83	117	(34)
Services	(255,336)	(256,779)	1,443
parent companies	(1,973)	(1,921)	(52)
Other income	1,628	2,663	(1,035)
Other expenses	(217)	(1,356)	1,139
Gross operating profit (EBITDA)	145,172	144,511	661
Amortisation, depreciation and impairment			
Amortisation of intangible fixed assets	(22,888)	(21,784)	(1,104)
Depreciation of tangible fixed assets	(23,571)	(22,028)	(1,543)
Impairment and impairment reversals of non-current assets	(827)	(406)	(421)
	(47,286)	(44,218)	(3,068)
Operating result	97,886	100,293	(2,407)
Financial income, charges and value adjustments to financial assets			
Group's share of the result of associated companies valued at equity	63	86	(23)
Other income and charges, impairment and revaluations of financial assets	518	(178)	696
Interest income and charges	(23,194)	(26,067)	2,873
related parties	(41)	-	(41)
Other financial income and charges	(2,702)	(1,940)	(762)
Exchange gains and losses	387	865	(478)
Gain (loss) on assets measured at fair value	(753)	(755)	2
	(25,681)	(27,989)	2,308
Profit (loss) before tax	72,205	72,304	(99)
Current and deferred income tax			
Current tax	(30,199)	(28,370)	(1,829)
Deferred tax	1,136	(1,202)	2,338
	(29,063)	(29,572)	509
Total net income (loss)	43,142	42,732	410
Minority interests	(40)	34	(74)
Net profit (loss) attributable to the Group	43,182	42,698	484

	For the year ended 31 December	
	2012	2011
Profit (loss) per share (€ per share) and dividend per share		
Earnings per share	0.200050	0.199803
Base	0.199264	0.197452
Diluted	-	-
Dividend per share	0.043	0.037

Amplifon S.p.A.

Consolidated Cash Flow Statement

	For the year ended 31 December	
	2012	2011
	(Euro thousands)	
OPERATING ACTIVITIES		
Net profit (loss).....	43,142	42,732
Amortisation, depreciation and write-downs:	47,286	44,218
intangible fixed assets	23,505	21,784
tangible fixed assets	23,640	22,426
goodwill	141	8
Provisions	15,275	12,638
(Gains) losses from sale of fixed assets	63	(475)
Associated companies' share of profit	(63)	(86)
Financial income and charges	25,744	28,076
Current, deferred tax assets and liabilities	29,063	29,572
Cash flow from operating income before working capital change	160,510	156,675
Utilisation of provisions	(8,076)	(10,642)
(Increase) decrease in inventories	1,285	1,814
Decrease (increase) in trade receivables	(6,701)	(5,140)
Increase (decrease) in trade payables	1,504	(14,376)
Changes in other receivables and other payables.....	2,445	(1,170)
Total change in assets and liabilities	(9,543)	(29,514)
Dividends received	73	34
Interest received (paid)	(22,230)	(28,221)
Taxes paid	(28,580)	(23,309)
Cash flow generated from (absorbed by) operating activities (A)	100,230	75,665
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(8,415)	(7,140)
Purchase of tangible fixed assets	(26,972)	(27,981)
Consideration from sale of tangible fixed assets.....	1,820	3,112
Cash flow generated from (absorbed by) investing activities (B)	(33,567)	(32,009)
Purchase of subsidiaries and business units	(13,029)	(3,927)
Increase (decrease) in payables through business acquisition	2,956	(5,240)
(Purchase) sale of other investments and securities	4,176	(868)
Cash flow generated from (absorbed by) acquisition activities (C)	(5,897)	(10,035)
Cash flow generated from (absorbed by) investing activities (B+C)	(39,464)	(42,044)
FINANCING ACTIVITIES:		
Increase (decrease) in financial payables	(48,656)	(42,387)
Increase) decrease in financial receivables	1,394	487
Derivatives instruments and other non-current assets.....	(5,428)	(2,979)
Dividend distributions	(7,992)	(7,051)
Capital increases and minorities' contributions	2,388	483
Cash flow generated from (absorbed by) financing activities (D)	(58,294)	(51,447)
Net increase in cash and cash equivalents (A+B+C+D)	2,472	(17,826)
Cash and cash equivalents at beginning of period	108,305	124,926
Effect of discontinued operations on liquid funds	—	—
Effect of exchange rate fluctuations on liquid funds.....	(50)	810
Liquid assets acquired.....	453	395
Flows of cash and cash equivalents	2,472	(17,826)
Cash and cash equivalents at the end of period.....	111,180	108,305

Amplifon S.p.A.

Reclassified Consolidated Balance Sheet

	As at 31 December		
	2012	2011	Change
	<i>(Euro thousands)</i>		
Goodwill	551,853	543,443	8,410
Non-competition agreements, trademarks, customer lists and lease rights .	119,096	130,456	(11,360)
Software, licences, other intangible fixed assets, fixed assets in progress and advances.....	25,525	23,363	2,162
Tangible assets.....	94,070	91,380	2,690
Financial fixed assets ⁽¹⁾	36,509	37,514	(1,005)
Other non-current financial assets ⁽¹⁾	2,828	2,600	228
Fixed assets	829,881	828,756	1,125
Inventories	34,196	34,651	(455)
Trade receivables	111,115	104,838	6,277
Other receivables	27,319	25,337	1,982
Current assets (A)	172,630	164,826	7,804
Operating assets	1,002,511	993,582	8,929
Trade payables	(98,016)	(96,613)	(1,403)
Other payables ⁽²⁾	(113,458)	(110,533)	(2,925)
Provisions for risks and charges (current portion)	(689)	(1,107)	418
Current liabilities (B)	(212,163)	(208,253)	(3,910)
Net working capital (A) - (B)	(39,533)	(43,427)	3,894
Derivative instruments ⁽³⁾	(5,695)	(3,808)	(1,887)
Deferred tax assets	48,039	48,408	(369)
Deferred tax liabilities	(53,081)	(53,572)	491
Provisions for risks and charges (non-current portion)	(32,525)	(27,123)	(5,402)
Liabilities for employees' benefits (non-current portion)	(15,260)	(11,786)	(3,474)
Loan fees ⁽⁴⁾	4,442	6,057	(1,615)
Other non-current payables.....	(275)	(499)	224
NET INVESTED CAPITAL	735,993	743,006	(7,013)
Group net equity	429,562	390,644	38,918
Minority interests	596	526	70
Total net equity	430,158	391,170	38,988
Net medium and long-term financial indebtedness ⁽⁴⁾	293,645	408,752	(115,107)
Net short-term financial indebtedness ⁽⁴⁾	12,190	(56,916)	69,106
Total net financial indebtedness	305,835	351,836	(46,001)
OWN FUNDS AND NET FINANCIAL INDEBTEDNESS	735,993	743,006	(7,013)

(1) "Financial fixed assets" and "Other non-current financial assets" include equity interests valued using the net equity method, financial assets at fair value through profit and loss and other non-current assets;

(2) "Other Payables" includes other liabilities, accrued liabilities and deferred income and tax liabilities;

(3) "Derivative instruments" includes cash flow hedging instruments not comprised in the net financial position;

(4) The item "Loan fees" is presented in the balance sheet as a direct deduction of the short-term and medium/long-term components of the items "financial payables" and "financial liabilities" for the short term and long term portion respectively.

Amplifon S.p.A.

Reclassified Consolidated Income Statement

	For the year ended 31 December		
	2012	2011	Change
		(Euro thousands)	
Revenues from sales and services	846,611	827,442	19,169
Raw materials, consumables and supplies and change in raw materials, consumables and supplies	(189,731)	(178,527)	(11,204)
Personnel expenses	(257,783)	(248,932)	(8,851)
External services	(255,336)	(256,779)	1,443
Other costs and revenues	1,411	1,307	104
Gross operating margin (EBITDA)	145,172	144,511	661
Depreciation and write-downs of non-current assets	(31,059)	(28,450)	(2,609)
Operating result before the amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	114,113	116,061	(1,948)
Amortisation and impairment of trademarks, customer lists, lease rights and non-competition, agreements and goodwill	(16,227)	(15,768)	(459)
Operating income (EBIT)	97,886	100,293	(2,407)
Income, expenses, valuation and adjustments of financial assets	581	(92)	673
Net financial expenses	(25,896)	(28,007)	2,111
Exchange differences and non hedge accounting instruments	(366)	110	(476)
Profit (loss) before tax	72,205	72,304	(99)
Current tax	(30,199)	(28,370)	(1,829)
Deferred tax	1,136	(1,202)	2,338
Group and minority interests results	43,142	42,732	410
Profit (loss) of minority interests	(40)	34	(74)
Group net profit (loss)	43,182	42,698	484

Amplifon S.p.A.

Reclassified Consolidated Cash Flow Statement

	For the year ended 31 December	
	2012	2011
	<i>(Euro thousands)</i>	
Operating Income (EBIT)	97,886	100,293
Amortisation, depreciation and write down	47,286	44,218
Provision, other non monetary items and gain/losses from disposals	15,339	12,164
Net financial expenses	(22,072)	(27,154)
Taxes paid	(28,580)	(23,309)
Changes in net working capital	(9,542)	(29,514)
Cash flow generated (absorbed) by operating activities (A)	100,317	76,698
Cash flow generated (absorbed) by operating investing activities (B)	(33,567)	(32,009)
Free cash flow (A+B)	66,750	44,689
Cash flow generated (absorbed) by business combinations (C)	(12,576)	(3,532)
(Purchase) sale of other investments and securities (D)	4,176	(868)
Cash flow generated (absorbed) by investing activities (B+C+D)	(41,967)	(36,409)
Cash flows provided by (used in) operating activities and investing activities	58,350	40,289
Dividends	(7,992)	(7,051)
Fees paid on medium/long-term financing	—	—
Capital increases, third parties contributions, dividends paid to third parties by the subsidiaries	2,388	483
Hedging instruments and other changes in non current assets	(5,428)	(2,979)
Net cash flow from the period	47,318	30,742
Opening net financial indebtedness	(351,836)	(381,414)
Effect of the disposal of assets and of exchange rate fluctuations on the net financial position	(1,317)	(1,164)
Change in net financial position	47,318	30,742
Closing net financial indebtedness	(305,835)	(351,836)

Amplifon S.p.A.

Consolidated Statement of Financial Position

	As at 31 March 2013	As at 31 December 2012	Change
	<i>(Euro thousands)</i>		
Non-current assets			
Goodwill	563,710	551,853	11,857
Intangible fixed assets with finite useful life	144,468	144,621	(153)
Tangible fixed assets	93,841	94,070	(229)
Investments valued at equity	1,312	1,348	(36)
Financial assets measured at fair value through profit or loss	3,992	3,742	250
Long-term hedging instruments	7,422	6,605	817
Deferred tax assets	48,946	48,039	907
Other assets	34,767	34,247	520
Total non-current assets	898,458	884,525	13,933
Current assets			
Inventories	33,666	34,196	(530)
Trade receivables	101,496	111,115	(9,619)
- <i>Parent companies</i>	56	43	13
Tax receivables	10,738	7,955	2,783
Other receivables	23,608	19,364	4,244
Hedging instruments	921	532	389
Cash and cash equivalents	101,356	111,180	(9,824)
Total current assets	271,785	284,342	(12,557)
TOTAL ASSETS	1,170,243	1,168,867	1,376

Amplifon S.p.A.

Consolidated Statement of Financial Position (Cont'd)

	As at 31 March 2013	As at 31 December 2012	Change
	(Euro thousands)		
LIABILITIES			
Net Equity			
Share capital	4,477	4,468	9
Share premium account	188,584	186,775	1,809
Treasury shares	(44,091)	(44,091)	-
Other reserves	34,571	19,627	14,944
Income (loss) carried forward	260,239	219,601	40,638
Income (loss) for the period	(2,060)	43,182	(45,242)
Group net equity	441,720	429,562	12,158
Minority interests	616	596	20
Total net equity	442,336	430,158	12,178
Non-current liabilities			
Financial liabilities	288,403	284,714	3,689
- <i>Related parties</i>	340	361	(21)
Provisions for risks and charges	32,359	32,525	(166)
Liabilities for employees' benefits	18,753	15,203	3,550
Hedging instruments	12,793	15,319	(2,526)
Deferred tax liabilities	54,031	53,081	950
Payables for business acquisitions	4,307	3,774	533
Other long-term debt	278	275	3
Total non-current liabilities	410,924	404,891	6,033
Current liabilities			
Trade payables	86,736	98,016	(11,280)
- <i>Related parties</i>	372	245	127
Payables for business acquisitions	473	474	(1)
Other payables	85,936	87,827	(1,891)
Hedging instruments	1,400	2,078	(678)
Tax payables	19,467	25,631	(6,164)
Provisions for risks and charges	438	689	(251)
Liabilities for employees' benefits	546	57	489
Financial payables	121,987	119,046	2,941
- <i>Related parties</i>	82	81	1
Total current liabilities	316,983	333,818	(16,835)
TOTAL LIABILITIES	1,170,243	1,168,867	1,376

Amplifon S.p.A.

Consolidated Income Statement

	For the three-month period ended 31 March		
	2013	2012	Change
	(Euro thousands)		
Revenues from sales and services	189,669	196,183	(6,514)
Cost of raw materials, consumables and supplies and change in inventories of raw materials, consumables and supplies	(45,717)	(44,235)	(1,482)
Personnel expenses	(64,636)	(64,007)	(629)
- Parent companies and related parties	13	21	(8)
Services	(61,867)	(63,296)	1,429
- Parent companies	(499)	(492)	(7)
Other income and expenses	414	239	175
Gross operating profit (EBITDA)	17,863	24,884	(7,021)
Amortisation, depreciation and impairment			
Amortisation of intangible fixed assets	(5,621)	(5,670)	49
Depreciation of tangible fixed assets	(6,038)	(5,737)	(301)
Impairment and impairment reversals of non-current assets	(3)	(2)	(1)
	(11,662)	(11,409)	(253)
Operating result	6,201	13,475	(7,274)
Financial income, charges and value adjustments to financial assets			
Group's share of the result of associated companies valued at equity	(11)	18	(29)
Other income and charges, impairment and revaluations of financial assets ..	79	278	(199)
Interest income and charges	(4,974)	(6,361)	1,387
- Related parties	(8)	(10)	2
Other financial income and charges	(874)	(331)	(543)
Exchange gains and losses	(859)	54	(913)
Gain (loss) on assets measured at fair value	788	(102)	890
	(5,851)	(6,444)	593
Income (loss) before tax	350	7,031	6,681
Current and deferred income tax			
Current tax	(3,442)	(3,383)	(59)
Deferred tax	1,064	(493)	1,557
	(2,378)	(3,876)	1,498
Total net income (loss)	(2,028)	3,155	(5,183)
Minority interests	32	10	22
Net income (loss) attributable to the Group	(2,060)	3,145	(5,205)

	For the three-month period ended 31 March	
	2013	2012
Income (loss) and earning per share (€ per share)		
Earning per share		
- base	-0.009508	0.014636
- diluted	-0.009480	0.014535

Amplifon S.p.A.

Consolidated Cash Flow Statement

For the three-month period ended 31 March		
	2013	2012
	(Euro thousands)	
OPERATING ACTIVITIES		
Net income (loss).....	(2,028)	3,155
Amortisation, depreciation and write-downs:		
- intangible fixed assets	5,621	5,670
- tangible fixed assets	6,041	5,739
- goodwill	-	-
Provisions	4,101	2,850
(Gains) losses from sale of fixed assets	(77)	(151)
Associated companies' share of profit.....	11	(18)
Financial income and charges.....	5,840	6,462
Current, deferred tax assets and liabilities	2,378	3,876
Cash flow from operating income before working capital change.....	21,887	27,583
Utilisation of provisions	(2,113)	(1,510)
(Increase) decrease in inventories.....	(1,065)	(3,416)
Decrease (increase) in trade receivables	10,255	7,563
Increase (decrease) in trade payables.....	(12,224)	3,381
Changes in other receivables and other payables.....	(10,043)	(5,568)
Total change in assets and liabilities	(15,190)	450
Dividends received	53	28
Interest received (paid)	(3,542)	(4,528)
Taxes paid.....	(8,392)	(5,185)
Cash flow generated by (absorbed by) operating activities (A)	(5,184)	18,348
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(1,678)	(1,106)
Purchase of tangible fixed assets	(5,338)	(4,543)
Consideration from sale of tangible fixed assets.....	560	642
Cash flow generated (absorbed) by investing activities (B)	(6,456)	(5,007)
Purchase of subsidiaries and business units	(1,402)	(4,288)
Increase (decrease) in payables through business acquisition.....	432	431
(Purchase) sale of other investments and securities	(173)	262
Cash flow generated (absorbed) by acquisition activities (C)	(1,143)	(3,595)
Cash flow generated by (absorbed by) investing activities (B+C)	(7,599)	(8,602)
FINANCING ACTIVITIES:		
Increase (decrease) in financial payables	2,454	(1,286)
(Increase) decrease in financial receivables.....	(1,681)	(10)
Derivatives instruments and other non-current assets.....	4	(358)
Commissions paid for medium/long-term financing	-	-
Dividend distributions	-	-
Capital increases and minorities' contributions and dividends paid to third parties by subsidiaries	1,240	878
Cash flow generated by (absorbed by) financing activities (D)	2,017	(776)
Net increase in cash and cash equivalents (A+B+C+D)	(10,766)	8,970

For the three-month period ended 31 March		
	2013	2012
	(Euro thousands)	
Cash and cash equivalents at beginning of period	111,180	108,305
Effect of discontinued operations on liquid funds	-	-
Effect of exchange rate fluctuations on liquid funds.....	917	(268)
Liquid assets acquired	25	160
Flows of cash and cash equivalents	(10,766)	8,970
Cash and cash equivalents at the end of period.....	101,356	117,167

Amplifon S.p.A.

Reclassified Consolidated Balance Sheet

	As at 31 March 2013	As at 31 December 2012 (Euro thousands)	Change
Goodwill	563,710	551,853	11,857
Non-competition agreements, trademarks, customer lists and lease rights	118,610	119,096	(486)
Software, licences, other intangible fixed assets, fixed assets in progress and advances	25,858	25,525	333
Tangible assets	93,841	94,070	(229)
Financial fixed assets ⁽¹⁾	37,138	36,509	629
Other non-current financial assets ⁽¹⁾	2,933	2,828	105
Fixed assets	842,090	829,881	12,209
Inventories	33,666	34,196	(530)
Trade receivables	101,496	111,115	(9,619)
Other receivables	34,346	27,319	7,027
Current assets (A)	169,508	172,630	(3,122)
Operating assets	1,011,598	1,002,511	9,087
Trade payables	(86,736)	(98,016)	11,280
Other payables ⁽²⁾	(105,403)	(113,458)	8,055
Provisions for risks and charges (current portion)	(438)	(689)	251
Current liabilities (B)	(192,577)	(212,163)	19,586
Net working capital (A) - (B)	(23,069)	(39,533)	16,464
Derivative instruments ⁽³⁾	(4,234)	(5,695)	1,461
Deferred tax assets	48,946	48,039	907
Deferred tax liabilities	(54,031)	(53,081)	(950)
Provisions for risks and charges (non-current portion)	(32,359)	(32,525)	166
Liabilities for employees' benefits (non-current portion)	(19,299)	(15,260)	(4,039)
Loan fees ⁽⁴⁾	3,476	4,442	(966)
Other non-current payables	(278)	(275)	(3)
NET INVESTED CAPITAL	761,242	735,993	25,249
Group net equity	441,720	429,562	12,158
Minority interests	616	596	20
Total net equity	442,336	430,158	12,178
Net medium and long-term financial indebtedness ⁽⁴⁾	295,344	293,645	1,699
Net short-term financial indebtedness ⁽⁴⁾	23,562	12,190	11,372
Total net financial indebtedness	318,906	305,835	13,071
OWN FUNDS AND NET FINANCIAL INDEBTEDNESS	761,242	735,993	25,249

(1) "Financial fixed assets" and "Other non-current financial assets" include equity interests valued using the net equity method, financial assets at fair value through profit and loss and other non-current assets;

(2) "Other payables" includes other liabilities, accrued liabilities and deferred income and tax liabilities;

(3) "Derivative instruments" includes cash flow hedging instruments not comprised in the net financial position;

(4) The item "Loan fees" is presented in the balance sheet as a direct deduction of the short-term and medium/long-term components of the items "financial payables" and "financial liabilities" for the short term and long term portion respectively.

Amplifon S.p.A.

Reclassified Consolidated Income Statement

	For the three-month period ended 31 March		
	2013	2012	Change
		(Euro thousands)	
Revenues from sales and services.....	189,669	196,183	(6,514)
Raw materials, consumables and supplies and change in raw materials, consumables and supplies	(45,717)	(44,235)	(1,482)
Personnel expenses	(64,636)	(64,007)	(629)
External services.....	(61,867)	(63,296)	1,429
Other costs and revenues	414	239	175
Gross operating margin (EBITDA).....	17,863	24,884	(7,021)
Depreciation and write-downs of non-current assets	(7,618)	(7,402)	(216)
Operating result before the amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	10,245	17,482	(7,237)
Amortisation and impairment of trademarks, customer lists, lease rights and non-competition, agreements and goodwill	(4,044)	(4,007)	(37)
Operating income (EBIT).....	6,201	13,475	(7,274)
Income, expenses, valuation and adjustments of financial assets.....	68	296	(228)
Net financial expenses	(5,848)	(6,692)	844
Exchange differences and non hedge accounting instruments	(71)	(48)	(23)
Profit (loss) before tax	350	7,031	(6,681)
Current tax	(3,442)	(3,383)	(59)
Deferred tax	1,064	(493)	1,557
Group and minority interests results	(2,028)	3,155	(5,183)
Profit (loss) of minority interests	32	10	22
Group net profit (loss)	(2,060)	3,145	(5,205)

Amplifon S.p.A.

Reclassified Consolidated Cash Flow Statement

	For the three-month period ended 31 March	
	2013	2012
	<i>(Euro thousands)</i>	
Operating income (EBIT)	6,201	13,475
Amortisation, depreciation and write down	11,662	11,409
Provision, other non monetary items and gain/losses from disposals	4,024	2,699
Net financial expenses	(4,716)	(6,021)
Taxes paid.....	(8,392)	(5,185)
Changes in net working capital	(15,190)	449
Cash flow generated (absorbed) by operating activities (A)	(6,411)	16,826
Cash flow generated (absorbed) by operating investing activities (B).....	(6,456)	(5,007)
Free cash flow (A+B)	(12,867)	11,819
Cash flow generated (absorbed) by business combinations (C).....	(1,377)	(4,128)
(Purchase) sale of other investments and securities (D).....	(173)	262
Cash flow generated (absorbed) by investing activities (B+C+D)	(8,006)	(8,873)
Cash flows provided by (used in) operating activities and investing activities	(14,417)	7,953
Capital increases, third parties contributions, dividends paid to third parties by the subsidiaries	1,240	878
Hedging instruments and other changes in non current assets	4	156
Net cash flow from the period	(13,173)	8,987
Opening net financial indebtedness	(305,835)	(351,836)
Effect of the disposal of assets and of exchange rate fluctuations on the net financial position	102	29
Change in net financial position.....	(13,173)	8,987
Closing net financial indebtedness	(318,906)	(342,820)

OVERVIEW FINANCIAL INFORMATION RELATING TO THE GUARANTORS

The following unaudited summary financial information has been prepared specifically for the application to list the Notes on the official list of the Luxembourg Stock Exchange. Financial information relating to the Guarantors, used for management reporting and consolidation purposes, is based on accounting principles applied by the Group, which applies IFRS. See “*Non-IFRS Financial Measures*” and “*Reclassification*”. Financial data relating to the Guarantors have been analysed by the independent auditors to the Group in connection with the auditing activities performed on the consolidated financial information relating to the Group.

Issuer/Guarantors/Non-guarantor subsidiaries Balance Sheet

As at 31 December 2012				
Issuer	Guarantor subsidiaries	Non-guarantor subsidiaries ⁽¹⁾	Consolidated	
(Euro thousands)				
Assets				
Non-current assets				
Goodwill.....	415	274,018	277,420	551,853
Intangible fixed assets with finite useful life	6,607	78,892	59,122	144,621
Tangible fixed assets.....	20,162	13,082	60,826	94,070
Investments.....	467,200	-	(467,200)	-
Investments valued at equity.....	-	-	1,348	1,348
Financial assets measured at fair value through profit or loss.....	2,207	-	1,535	3,742
Long-term hedging instruments.....	6,605	-	-	6,605
Other non current financial assets.....	-	112,554	(112,554)	-
Deferred tax assets.....	26,529	8,336	13,174	48,039
Other assets.....	438	31,273	2,536	34,247
Total non-current assets.....	530,163	518,155	(163,793)	884,525
Current assets				
Inventories.....	11,108	1,032	22,056	34,196
Trade receivables.....	44,085	29,635	37,395	111,115
Tax receivables.....	5,169	137	2,649	7,955
Other receivables.....	3,257	8,360	7,747	19,364
Hedging instruments.....	532	-	-	532
Other financial assets.....	27,007	67,698	(94,705)	-
Cash and cash equivalents	53,828	25,201	32,151	111,180
Total current assets.....	144,986	132,061	7,295	284,342
Total assets.....	675,149	650,217	(156,499)	1,168,867

(1) Includes Group eliminations

Issuer/Guarantors/Non-guarantor subsidiaries Balance Sheet (Cont'd)

	As at 31 December 2012			
	Issuer	Guarantor subsidiaries	Non-guarantor subsidiaries ⁽¹⁾	Consolidated
	(Euro thousands)			
Liabilities				
Net equity	296,652	412,825	(279,319)	430,158
Non-current liabilities.....				
Financial liabilities.....	174,616	53,054	57,044	284,714
Provisions for risks and charges.....	10,137	14,261	8,127	32,525
Liabilities for employees' benefits.....	9,220	2,056	3,927	15,203
Hedging instruments.....	13,257	-	2,062	15,319
Deferred tax liabilities.....	-	36,609	16,472	53,081
Payables for business acquisitions.....	487	-	3,287	3,774
Other long-term debt.....	-	275	-	275
Total non-current liabilities	207,717	106,256	90,918	404,891
Current liabilities				
Trade payables.....	28,558	27,336	42,122	98,016
Payables for business acquisitions.....	89	-	385	474
Other payables.....	27,177	13,716	46,934	87,827
Hedging instruments.....	2,078	-	-	2,078
Tax payables.....	3,870	22,261	(500)	25,631
Provisions for risks and charges.....	-	248	441	689
Liabilities for employees' benefits.....	-	57	-	57
Financial payables.....	109,008	67,518	(57,480)	119,046
Total current liabilities	170,780	131,136	31,902	333,818
Total liabilities	675,149	650,217	(156,499)	1,168,867

(1) Includes Group eliminations

Issuer/Guarantors/Non-guarantor subsidiaries Income Statement

For the year ended 31 December 2012				
	Issuer	Guarantor subsidiaries	Non-guarantor subsidiaries ⁽¹⁾	Consolidated
	<i>(Euro thousands)</i>			
Revenues from sales and services.....	224,681	222,231	399,699	846,611
Cost of raw materials, consumables and supplies and change in inventories of raw materials, consumables and supplies	(29,466)	(82,486)	(77,779)	(189,731)
Personnel expenses	(46,528)	(53,331)	(157,924)	(257,783)
Services.....	(115,770)	(32,231)	(107,335)	(255,336)
Other income and expenses	11,089	1,144	(10,822)	1,411
Gross operating profit (EBITDA)	44,006	55,327	45,839	145,172
Amortisation, depreciation and impairment				
Amortisation of intangible fixed assets.....	(1,316)	(9,809)	(11,763)	(22,888)
Depreciation of tangible fixed assets	(5,550)	(2,634)	(15,387)	(23,571)
Impairment and impairment reversals of non-current assets	(42)	(617)	(168)	(827)
	(6,907)	(13,061)	(27,318)	(47,286)
Operating result	37,099	42,267	18,520	97,886
Financial income, charges and value adjustments to financial assets				
Group's share of the result of associated companies valued at equity.....	-	-	63	63
Other income and charges, impairment and revaluations of financial assets	3,691	-	(3,173)	518
Interest income and charges.....	(15,433)	(7,501)	(260)	(23,194)
Other financial income and charges	(902)	9,861	(11,661)	(2,702)
Exchange gains and losses	784	(60)	(337)	387
Gain (loss) on assets measured at fair value	(753)	-	-	(753)
	(12,614)	2,300	(15,367)	(25,681)
Income (loss) before tax.....	24,485	44,567	3,153	72,205
Current and deferred income tax				
Current tax	(5,874)	(16,736)	(7,589)	(30,199)
Deferred tax	(1,334)	599	1,871	1,136
	(7,208)	(16,136)	(5,719)	(29,063)
Total net income (loss)	17,277	28,431	(2,566)	43,142
Minority interests	-	-	(40)	(40)
Net income (loss) attributable to the Group .	17,277	28,431	(2,526)	43,182

(1) Includes Group eliminations

Issuer/Guarantors/Non-guarantor subsidiaries Reclassified Balance Sheet

As at 31 December 2012				
	Issuer	Guarantor subsidiaries	Non-guarantor subsidiaries ⁽¹⁾	Consolidated
		<i>(Euro thousands)</i>		
Goodwill	415	274,018	277,420	551,853
Non-competition agreements, trademarks, customer lists and lease rights	226	69,420	49,450	119,096
Software, licences, other intangible fixed assets, fixed assets in progress and advances	6,381	9,472	9,672	25,525
Tangible assets	20,162	13,082	60,826	94,070
Financial fixed assets (a)	469,407	31,137	(464,035)	36,509
Other non-current financial assets (a)	438	136	2,254	2,828
Fixed assets	497,029	397,265	(64,413)	829,881
Inventories	11,108	1,032	22,056	34,196
Trade receivables	44,085	29,635	37,395	111,115
Other receivables	8,425	8,496	10,398	27,319
Current assets (A)	63,618	39,162	69,850	172,630
Operating assets	560,647	436,427	5,437	1,002,511
Trade payables	(28,558)	(27,336)	(42,122)	(98,016)
Other payables (b)	(31,047)	(35,977)	(46,434)	(113,458)
Provisions for risks and charges (current portion)	-	(248)	(441)	(689)
Current liabilities (B)	(59,605)	(63,561)	(88,997)	(212,163)
Net working capital (A) - (B)	4,013	(24,399)	(19,147)	(39,533)
Derivative instruments (c)	(3,632)	-	(2,063)	(5,695)
Deferred tax assets	26,529	8,336	13,174	48,039
Deferred tax liabilities	-	(36,609)	(16,472)	(53,081)
Provisions for risks and charges (non-current portion)	(10,136)	(14,261)	(8,128)	(32,525)
Liabilities for employees' benefits (non-current portion)	(9,220)	(2,113)	(3,927)	(15,260)
Loan fees (d)	2,624	-	1,818	4,442
Other non-current payables	-	(275)	-	(275)
NET INVESTED CAPITAL	507,207	327,944	(99,158)	735,993
Group net equity	296,652	412,825	(279,915)	429,562
Minority interests	-	-	596	596
Total net equity	296,652	412,825	(279,319)	430,158
Net medium and long-term financial indebtedness (d)	179,106	(59,500)	174,039	293,645
Net short-term financial indebtedness (d)	31,448	(25,381)	6,123	12,190
Total net financial indebtedness	210,555	(84,881)	180,161	305,835
OWN FUNDS AND NET FINANCIAL INDEBTEDNESS	507,207	327,944	(99,158)	735,993

(1) Includes Group eliminations

Issuer/Guarantors/Non-guarantor subsidiaries Reclassified Income Statement

For the year ended 31 December 2012				
	Issuer	Guarantor subsidiaries	Non-guarantor subsidiaries ⁽¹⁾	Consolidated
		<i>(Euro thousands)</i>		
Revenues from sales and services.....	224,681	222,231	399,699	846,611
Raw materials, consumables and supplies and change in raw materials, consumables and supplies.....	(29,466)	(82,486)	(77,779)	(189,731)
Personnel expenses.....	(46,528)	(53,331)	(157,924)	(257,783)
External services.....	(115,770)	(32,231)	(107,335)	(255,336)
Other costs and revenues.....	11,089	1,144	(10,822)	1,411
Gross operating margin (EBITDA).....	44,006	55,327	45,839	145,172
Depreciation and write-downs of non-current assets.....	(6,776)	(6,406)	(17,877)	(31,059)
Operating result before the amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA).....	37,230	48,921	27,962	114,113
Amortisation and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill.....	(131)	(6,654)	(9,442)	(16,227)
Operating income (EBIT).....	37,099	42,267	18,520	97,886
Income, expenses, valuation and adjustments of financial assets.....	3,691	-	(3,110)	581
Net financial expenses.....	(16,335)	2,360	(11,921)	(25,896)
Exchange differences and non hedge accounting instruments.....	30	(60)	(336)	(366)
Profit (loss) before tax.....	24,485	44,567	3,153	72,205
Current and deferred tax.....	(7,208)	(16,136)	(5,719)	(29,063)
Group and minority interests results.....	17,277	28,431	(2,566)	43,142
Profit (loss) of minority interests.....	-	-	(40)	(40)
Group net profit (loss).....	17,277	28,431	(2,526)	43,182

(1) Includes Group eliminations

Issuer/Guarantors/Non-guarantor subsidiaries Balance Sheet

As at 31 March 2013				
Issuer	Guarantor subsidiaries	Non-guarantor subsidiaries ⁽¹⁾	Consolidated	
(Euro thousands)				
Assets				
Non-current assets				
Goodwill	415	282,837	280,458	563,710
Intangible fixed assets with finite useful life	7,363	79,551	57,554	144,468
Tangible fixed assets	20,620	13,885	59,336	93,841
Investments	467,701	-	(467,701)	-
Investments valued at equity	-	-	1,312	1,312
Financial assets measured at fair value through profit or loss	2,207	-	1,785	3,992
Long-term hedging instruments	7,422	-	-	7,422
Other non current financial assets	-	116,302	(116,302)	-
Deferred tax assets	26,688	8,229	14,029	48,946
Other assets	449	31,701	2,617	34,767
Total non-current assets	532,865	532,504	(166,911)	898,458
Current assets				
Inventories	11,481	871	21,314	33,666
Trade receivables	36,954	37,505	27,037	101,496
Tax receivables	6,959	811	2,968	10,738
Other receivables	8,895	10,038	4,675	23,608
Hedging instruments	921	-	-	921
Other financial assets	8,616	67,703	(76,319)	-
Cash and cash equivalents	51,178	24,573	25,605	101,356
Total current assets	125,004	141,501	5,280	271,785
Total assets	657,869	674,005	(161,631)	1,170,243

(1) Includes Group eliminations

Issuer/Guarantors/Non-guarantor subsidiaries Balance Sheet (Cont'd)

As at 31 March 2013				
	Issuer	Guarantor subsidiaries	Non-guarantor subsidiaries ⁽¹⁾	Consolidated
	<i>(Euro thousands)</i>			
Liabilities				
Net equity	297,923	432,671	(288,258)	442,336
Non-current liabilities				
Financial liabilities	176,998	54,666	56,739	288,403
Provisions for risks and charges	9,516	14,708	8,135	32,359
Liabilities for employees' benefits	9,215	2,270	7,268	18,753
Hedging instruments	11,034	-	1,759	12,793
Deferred tax liabilities	-	37,630	16,401	54,031
Payables for business acquisitions	495	-	3,812	4,307
Other long-term debt	-	278	-	278
Total non-current liabilities	207,258	109,553	94,113	410,924
Current liabilities				
Trade payables	24,272	27,562	34,902	86,736
Payables for business acquisitions	89	-	384	473
Other payables	25,472	14,358	46,106	85,936
Hedging instruments	1,400	-	-	1,400
Tax payables	3,706	22,171	(6,410)	19,467
Provisions for risks and charges	-	-	438	438
Liabilities for employees' benefits	-	59	487	546
Financial payables	97,750	67,630	(43,393)	121,987
Total current liabilities	152,689	131,782	32,512	316,983
Total liabilities	657,869	674,005	(161,631)	1,170,243

(1) Includes Group eliminations

Issuer/Guarantors/Non-guarantor subsidiaries Income Statement

For the three-month period ended 31 March 2013				
	Issuer	Guarantor subsidiaries	Non-guarantor subsidiaries ⁽¹⁾	Consolidated
		<i>(Euro thousands)</i>		
Revenues from sales and services.....	46,998	55,317	87,354	189,669
Cost of raw materials, consumables and supplies and change in inventories of raw materials, consumables and supplies.....	(6,516)	(21,666)	(17,535)	(45,717)
Personnel expenses	(11,344)	(13,343)	(39,949)	(64,636)
Services.....	(24,928)	(8,229)	(28,710)	(61,867)
Other income and expenses	37	168	209	414
Gross operating profit (EBITDA)	4,246	12,246	1,371	17,863
Amortisation, depreciation and impairment ..				
Amortisation of intangible fixed assets.....	(388)	(2,283)	(2,950)	(5,621)
Depreciation of tangible fixed assets	(1,374)	(747)	(3,917)	(6,038)
Impairment and impairment reversals of non-current assets.....	-	-	(3)	(3)
	(1,763)	(3,030)	(6,869)	(11,662)
Operating result	2,483	9,217	(5,499)	6,201
Financial income, charges and value adjustments to financial assets				
Group's share of the result of associated companies valued at equity	-	-	(11)	(11)
Other income and charges, impairment and revaluations of financial assets.....	183	-	(104)	79
Interest income and charges.....	(3,465)	(1,896)	387	(4,974)
Other financial income and charges	(1,046)	2,327	(2,155)	(874)
Exchange gains and losses	(1,198)	12	327	(859)
Gain (loss) on assets measured at fair value	788	-	-	788
	(4,738)	442	(1,555)	(5,851)
Income (loss) before tax.....	(2,255)	9,659	(7,054)	350
Current and deferred income tax				
Current tax	121	(3,136)	(427)	(3,442)
Deferred tax	558	(219)	725	1,064
	678	(3,354)	298	(2,378)
Total net income (loss)	(1,577)	6,305	(6,756)	(2,028)
Minority interests	-	-	32	32
Net income (loss) attributable to the Group ...	(1,577)	6,305	(6,788)	(2,060)

(1) Includes Group eliminations

Issuer/Guarantors/Non-guarantor subsidiaries Reclassified Balance Sheet

As at 31 March 2013				
	Issuer	Guarantor subsidiaries	Non-guarantor subsidiaries ⁽¹⁾	Consolidated
		<i>(Euro thousands)</i>		
Goodwill	415	282,837	280,458	563,710
Non-competition agreements, trademarks, customer lists and lease rights	231	70,011	48,368	118,610
Software, licences, other intangible fixed assets, fixed assets in progress and advances	7,132	9,540	9,186	25,858
Tangible assets	20,620	13,885	59,336	93,841
Financial fixed assets (a)	469,908	31,566	(464,336)	37,138
Other non-current financial assets (a)	449	135	2,349	2,933
Fixed assets	498,755	407,974	(64,639)	842,090
Inventories	11,481	871	21,314	33,666
Trade receivables	36,954	37,505	27,037	101,496
Other receivables	15,854	10,849	7,643	34,346
Current assets (A)	64,289	49,225	55,994	169,508
Operating assets	563,044	457,198	(8,644)	1,011,598
Trade payables	(24,272)	(27,562)	(34,902)	(86,736)
Other payables (b)	(29,178)	(36,529)	(39,696)	(105,403)
Provisions for risks and charges (current portion)	-	-	(438)	(438)
Current liabilities (B)	(53,450)	(64,092)	(75,035)	(192,577)
Net working capital (A) - (B)	10,839	(14,867)	(19,041)	(23,069)
Derivative instruments (c)	(2,475)	-	(1,759)	(4,234)
Deferred tax assets	26,688	8,229	14,029	48,946
Deferred tax liabilities	-	(37,630)	(16,401)	(54,031)
Provisions for risks and charges (non-current portion)	(9,516)	(14,708)	(8,135)	(32,359)
Liabilities for employees' benefits (non-current portion)	(9,215)	(2,329)	(7,755)	(19,299)
Loan fees (d)	1,823	-	1,653	3,476
Other non-current payables	-	(278)	-	(278)
NET INVESTED CAPITAL	516,898	346,390	(102,046)	761,242
Group net equity	297,923	432,671	(288,874)	441,720
Minority interests	-	-	616	616
Total net equity	297,923	432,671	(288,258)	442,336
Net medium and long-term financial indebtedness (d)	179,115	(61,636)	177,865	295,344
Net short-term financial indebtedness (d)	39,861	(24,646)	8,347	23,562
Total net financial indebtedness	218,976	(86,282)	186,212	318,906
OWN FUNDS AND NET FINANCIAL INDEBTEDNESS	516,898	346,390	(102,046)	761,242

(1) Includes Group eliminations

Issuer/Guarantors/Non-guarantor subsidiaries Reclassified Income Statement

For the three-month period ended 31 March 2013				
	Issuer	Guarantor subsidiaries	Non-guarantor subsidiaries ⁽¹⁾	Consolidated
		<i>(Euro thousands)</i>		
Revenues from sales and services.....	46,998	55,317	87,354	189,669
Raw materials, consumables and supplies and change in raw materials, consumables and supplies.....	(6,516)	(21,666)	(17,535)	(45,717)
Personnel expenses	(11,344)	(13,343)	(39,949)	(64,636)
External services.....	(24,928)	(8,229)	(28,710)	(61,867)
Other costs and revenues	37	168	209	414
Gross operating margin (EBITDA)	4,246	12,246	1,371	17,863
Depreciation and write-downs of non-current assets.....	(1,732)	(1,405)	(4,481)	(7,618)
Operating result before the amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	2,514	10,842	(3,111)	10,245
Amortisation and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(31)	(1,626)	(2,387)	(4,044)
Operating income (EBIT).....	2,483	9,217	(5,499)	6,201
Income, expenses, valuation and adjustments of financial assets.....	183	-	(115)	68
Net financial expenses	(4,511)	431	(1,768)	(5,848)
Exchange differences and non hedge accounting instruments	(410)	12	327	(71)
Profit (loss) before tax	(2,255)	9,659	(7,054)	350
Current and deferred tax	678	(3,354)	298	(2,378)
Group and minority interests results	(1,577)	6,305	(6,756)	(2,028)
Profit (loss) of minority interests	-	-	32	32
Group net profit (loss)	(1,577)	6,305	(6,788)	(2,060)

(1) Includes Group eliminations

Issuer/Guarantors/Non-guarantor subsidiaries relative values

EBITDA

The EBITDA of the non-guarantor subsidiaries for the fiscal year ended on 31 December 2012 represented 31.4 per cent. of the Issuer's consolidated EBITDA and 8.8 per cent. for the three-month period ended on 31 March 2013.

Total Assets

The total assets of the non-guarantor subsidiaries for both the fiscal year ended on 31 December 2012 and the three-month period ended on 31 March 2013 represented 53.4 per cent. of the Issuer's total assets calculated on an aggregated basis (before group eliminations).

DESCRIPTION OF THE ISSUER

Introduction

Amplifon S.p.A. (the “**Issuer**” or “**Amplifon**”) is a company limited by shares (*società per azioni* or S.p.A.) incorporated under the laws of the Republic of Italy for a duration of up to 31 December 2100, which may be extended by a shareholders’ resolution. The Issuer is registered at the Companies’ Registry (*Registro delle Imprese*) of Milan under registration number 04923960159. Its registered office is at Via Ripamonti, 133, Milan (MI), Italy and the telephone number of its registered office is +39 02 574721.

The Issuer is listed on the STAR segment of the Italian Stock Exchange (Borsa Italiana S.p.A.). Amplifon is also included in the FTSE Italy Mid Cap index.

Amplifon is the parent company of the international group (the “**Group**” or the “**Amplifon Group**”) which is a worldwide leader in the distribution, application and customisation of hearing solutions. Its headquarters are in Milan, and it has operations in 20 countries across five continents: Italy, France, the Netherlands, Germany, Spain, Portugal, Switzerland, Belgium, Luxembourg, Hungary, Poland, Turkey, the UK, Ireland, the USA, Canada, Australia, New Zealand, India and Egypt. The Group’s main brand is the flagship brand Amplifon; other brands are Beter Horen, Miracle Ear, Sonus, National Hearing Care, Bay Audiology, Elite Hearing Network and Maxtone.

History and Development

The Issuer was originally incorporated on 15 November 1950 as a limited liability company (*società a responsabilità limitata*) under the name Amplifon S.r.l, when Mr. Algernon Charles Holland founded Amplifon S.r.l. for the purposes of the distribution of hearing aids and the supply of related services. Amplifon S.r.l. rapidly became the leading company for the distribution of hearing aids in the Italian market. In 1971, Amplifon S.r.l. set up the Centre for Research and Studies (“**CRS**”), a non-profit making organisation with the objective both of promoting research on hearing loss and auditory disorders amongst the scientific and medical community worldwide and of developing closer relations with medical specialists. The Issuer was converted into an S.p.A. in 1976 and merged in 1982 with its parent company, S.I.A. – Società Italiana per l’Acustica S.p.A., adopting its current name “Amplifon S.p.A.”.

At the beginning of the 1990s, Amplifon started a process of expansion in Europe and in the rest of the world, carrying out strategic acquisitions. In the middle of the 1990s, the Issuer implemented a service-based strategy focused on the fitting of hearing aids and on pre-sale and after-sales assistance, aimed at achieving maximum customer satisfaction, the effect of which was to place the Group on the market as a service provider rather than simply a distribution network.

The key events in the Group’s history may be summarised as follows:

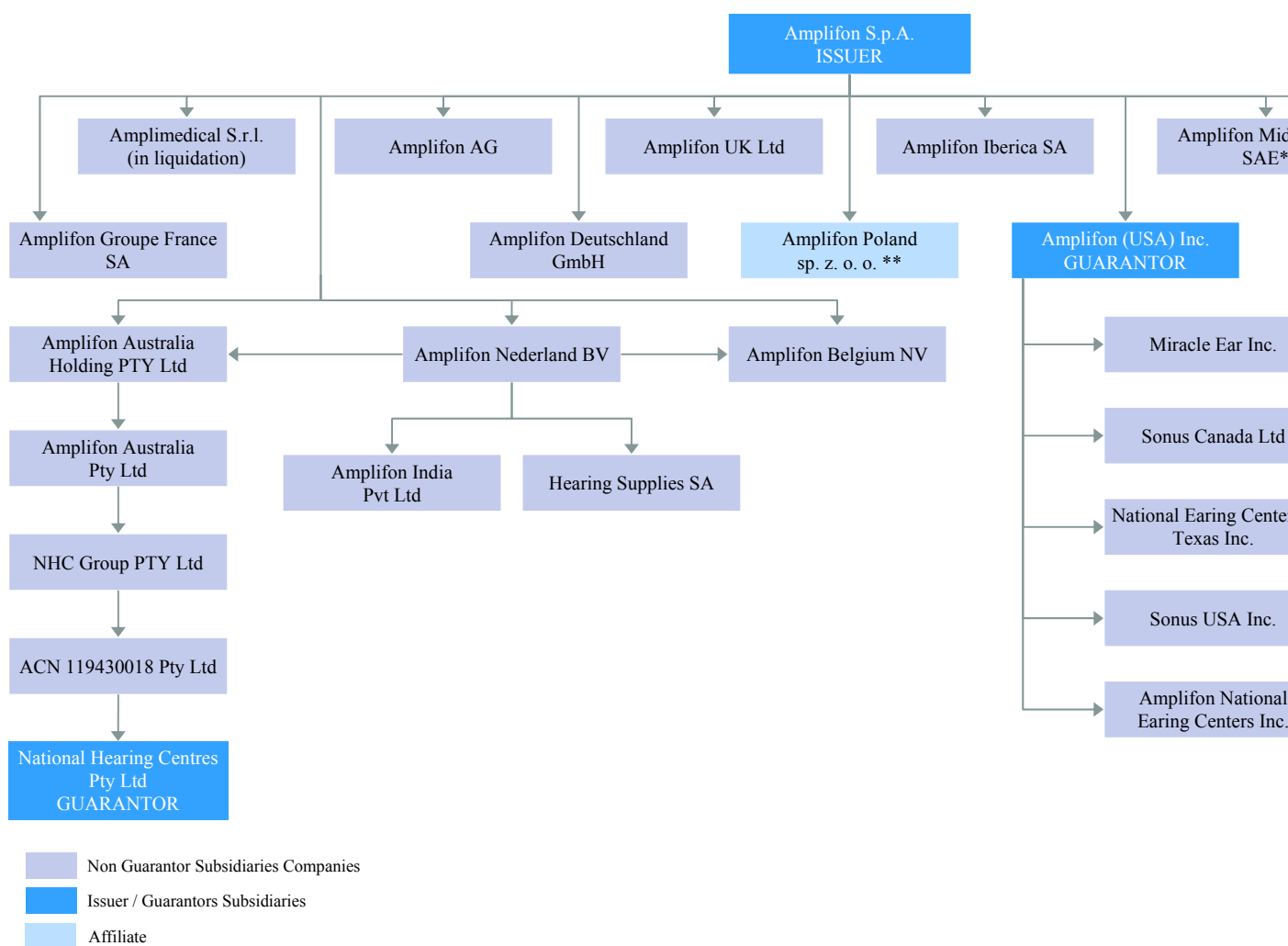
1950	Mr. Algernon Charles Holland founded Amplifon S.r.l. specialised in the distribution of hearing aids.
1960s-1970s	Shops are opened throughout Italy. The CRS is established and becomes a point of reference for the scientific community with an aim of promoting research, development and training in the fields of audiology, hearing aids and speech therapy.
1990s	The Group begins its process of international expansion with entry into the Spanish and Portuguese markets in 1992.
1996	The Issuer is the first company in Italy to introduce an entirely digital hearing aid which combines a smaller size with high quality sound.

1998-2000	The Group develops a strong internationalisation strategy through significant acquisitions of the major players in Switzerland, France, the United States and the Netherlands.
2001	The Issuer's shares are listed on the Italian Stock Exchange. The Group enters the African and Middle East markets opening up a business unit in Egypt.
2002	The Group continues its international expansion, strengthening its position in key markets such as the United States and the Netherlands, and entering Germany and the United Kingdom.
2007-2008	The Group implements a complete corporate repositioning, strengthening its position as a specialty retailer, balancing medical and retail competences and integrating the various countries under common systems and procedures.
2008	The Issuer's shares listed on the STAR segment of the Italian stock Exchange.
2009	The Group consolidates its presence in Europe and enters the Belgian market through the acquisition of Dialogue, the second largest hearing aid distributor in Belgium.
2010	The Group acquires the National Hearing Care Group (NHC), a leading hearing aid distributor with a network of 200 points of sale in Australia, New Zealand and India.
2012	The Group enters Turkey and aims at the market leadership through the acquisition of 51 per cent. of Maxtone, a modern retail company operating in the distribution of hearing solutions and increases its presence in India acquiring 38 stores in India establishing its leadership in that country. In August, Amplifon enters Poland through the formation of the new company Amplifon Poland and expands its geographic presence to twenty countries.

Group Structure

The Issuer is the parent company of the Amplifon Group. The chart on the next page shows the Group's structure, including the Issuer's principal subsidiaries at the date of this Prospectus. Unless otherwise specified all subsidiaries listed in the below chart are, directly or indirectly, wholly owned by the Issuer.

AMPLIFON SIMPLIFIED GROUP STRUCTURE



* Participation held by the Issuer equal to 51 per cent.

** Participation held by the Issuer equal to 49 per cent.

Business Overview

The Amplifon Group is the world's largest hearing aid distributor and retailer, holding a 14 per cent. share of the markets in which it operates and a 9 per cent. share of the global market in terms of value of units sold. The Group has operations in 20 countries across five continents: Italy, France, the Netherlands, Germany, Spain, Portugal, Switzerland, Belgium, Luxembourg, Hungary, Poland, Turkey, the UK, Ireland, the USA, Canada, Australia, New Zealand, India and Egypt.

In 2012, the Amplifon Group generated €846.6 million in revenues and €145.2 million in EBITDA. Of its total revenues, Italy contributed with 26.5 per cent., Continental Europe with 37.5 per cent., UK and Ireland with 4.9 per cent., North America with 15.4 per cent., Asia Pacific with 15.4 per cent. and Africa with 0.3 per cent.

Over the last ten years, the Group has steadily continued to grow its revenues and EBITDA at compound annual growth rates of 8.0 per cent. and 11.4 per cent., respectively, through organic growth and external acquisitions.

The Group's business is divided into the following three areas:

- the sale of hearing solutions and related applications and customisation services (which accounted for approximately 87 per cent. of the Group's revenues in 2012);
- the sale of accessories such as batteries, consumables and spare parts (which accounted for approximately 12 per cent. of the Group's revenues in 2012); and
- the distribution of biomedical equipment (which accounted for approximately 1 per cent. of the Group's revenues in 2012).

The Amplifon Group offers customers highly personalised and advanced hearing solutions through a network of over 1,900 direct point of sales, 2,400 service centres (Amplifon points), 1,600 US network affiliates and 1,300 franchisees.

Operations

The Amplifon Group operates in the retail, wholesale and service segment of the global hearing aid market. This part of the value chain is a very labour intensive and relationship dependent business. The device tailoring and fitting stage process is the most important point of contact with its customers. In the global hearing aid market, approximately 80 per cent. of the value chain is added at the retail and service level where the Amplifon Group operates. Emphasis is placed on the service of these devices as the performance of a hearing aid is dependent on the technical specification and personal adaptation of the device to the customer's needs and, accordingly, management believes that it is impossible to distinguish between the fitting of a hearing aid and the sale of such a device. In terms of market penetration and business expansion, the retail and service segment is the key area of growth in the industry as it is the focal point for improving the perception and visibility of hearing instruments and thus market penetration.

The Amplifon Store

The "Amplifon Store" concept was launched internationally in 2008 with the aim of creating a unique store experience for customers, in line with the Group's mixed medical-retail formula. In the following years, the majority of the Group's stores have been renovated to create a positive emotional experience for customers and not just a medical and technical decision. Furthermore, the standardisation of the stores is aimed at creating familiarity and comfort for customers, irrespective of which Amplifon store they visited in a specific region.

The underlying concept of the Amplifon store is to consider the local characteristics of the markets in which the Group operates, in an effort to fully understand and meet the requirements of the local clients. Management believes that service and customisation of hearing aids is essential for products

to perform in accordance with clients' specification. The performance of these devices is completely dependent on technical specifications and personal adaptation. Customisation of these devices requires a highly trained sales force that can identify individual needs and modify the hearing aid technology and product used to meet those needs. As hearing aids are a highly customised product, there is no distinction between the fitting of the hearing aid and its final sale.

The Amplifon Group uses professional fitting specialists to customise the product for customers and provides the necessary post-sales support. The Group's hearing specialists administer audiometric analyses of the customer's hearing loss to assess personal requirements, select a suitable hearing device on the basis of the test results and the customer's aesthetic preferences, take an impression of the ear to customise the fit of the device, and pre-adjust the device in accordance with the audiometric measurements and the psychoacoustic features of the customer. The Group also supplies ancillary products for hearing aids, such as batteries, cleaning kits, and assistive listening devices, and performs ordinary maintenance and cleaning of the devices.

Product innovation and quality

More than 90 per cent. of the global supply of hearing aids comes from six suppliers, namely Siemens AG, GN ReSound, Sonova, William Demant, Starkey and Widex. Hearing aid products from these suppliers are similar in terms of technology.

The hearing aids are sound processors that rely on an internal software that needs to be fitted and programmed by qualified audiologists.

The latest generation of invisible hearing aids are tiny electronic instruments which receive, process and amplify sounds that are then transmitted to the ear through a clear and precise amplification process. These products are able to meet a wide range of conditions ranging from slight to more serious hearing loss.

These hearing aids ensure consistent listening quality as they adapt to different sound environments such as:

- identifying background noise and toning it down, while picking out and emphasising the human voice;
- recognising and reducing loud, annoying or sudden sounds in order to maintain a natural listening experience; and
- reducing disturbing wind related noises.

State of the art Receiver in the Canal ("RIC") technology, for example, means that a micro-speaker can be lodged directly in the ear canal within a silicone plug. Depending on the type of noise detected, the "sound smoothing" software is activated to assist comfortable listening.

With Bluetooth technology it is now possible to automatically synchronise all electronic devices (televisions, telephones, MP3 player, PC, etc.) wirelessly and without headphones. In other words you can listen to music, watch a film or talk on the phone with no interference from surrounding sound sources.

Strategy

The Amplifon Group is the global market leader in the distribution and retail of hearing aids worldwide with a 14 per cent. share of the markets in which it operates and 9 per cent. of global market share in terms of value of units sold. In addition, the Group is very well diversified with a presence in 20 countries across five continents. Management believes that the hearing aid industry which, on average, has been growing at 2 to 4 per cent. over the last five years, and is now estimated at approximately 10 million units sold, continues to have growth potential not only due to world demographic trends, increasing noise pollution and rapid growth of emerging markets, but also due to

limited market penetration. In particular, in the industrialised economies, where it is estimated that approximately 15 per cent. of the population is affected by different levels of hearing impairment, the market penetration rate is still in average as low as 20 per cent; in this regard, the Amplifon Group will look to further increase penetration in these established markets and maintain its leadership position.

The secondary area of growth for the Amplifon Group is emerging markets. The retail market for hearing aids is underdeveloped in emerging markets, and characterised by a lack of infrastructure, product awareness and qualified audiologists. The Group is currently present in India, Egypt and Turkey. In addition to growing its presence and creating brand awareness in these markets, a key strategy for the Group is to develop a retail culture for hearing aids. With large and growing economies, these regions represent an area of future growth for the Amplifon Group.

A third area of growth can be identified in the increasing awareness and acceptance of hearing solutions provided by technology innovation and developments, better performing and increasing miniaturisation, as well as, an increasing number of so-called “New Elderlies” leading more active life-styles and improvements in retail experience and so-called “DTC marketing”.

The global hearing aid retail market is fragmented and to a large extent comprises of independent family stores. As Amplifon grows, both organically and inorganically, it will look to leverage its global platform to create long lasting competitive advantages stemming from “economies of scale” that include (i) superior negotiating power with suppliers, (ii) employment and retention of qualified audiologists, that are in short supply, creating a natural barrier to entry, and (iii) better quality of service through use of advanced technology.

The Amplifon Group looks to distinguish itself from competitors by being considered a “consumer specialty retailer”; accordingly, it will continue to focus on creating consumer awareness for the Group’s brands. In addition, through its concept store, the Group aims to create a retail culture for hearing aids which differs from the typical medical/clinical approach.

Retailing of hearing aids is closely tied to the medical community. Doctors have an important influence on customers’ buying choices. The Amplifon Group views its relationship with the medical profession of primary importance, both in countries where a prescription is obligatory (such as Italy, France, the Netherlands, Germany, Belgium, Switzerland, Luxembourg, Turkey, Ireland, Hungary, Poland and Egypt), and in those where it is not, since in the latter there is a strong bond between patients and their doctor. Accordingly, the Amplifon Group centrally coordinates its relationships with the medical profession internationally with the aim of sharing information and providing professional and scientific support. At the same time, it continues to be a point of reference through its CSR for the international scientific community, both, by organising numerous conferences and scientific seminars and cooperating with numerous universities, and through its scientific publications.

Lastly, the ability to take tactical and strategic action is vital in all the countries in which the Group operates. An adequate level of formalisation and application and control over its processes is necessary in order to maximise its operating efficiency and effectively control its stores in terms of profitability, effectiveness and efficiency of each one. The Amplifon Group seeks to achieve operational excellence through various initiatives such as standardising IT processes, centralising cash management, and centralising various functions including innovation and research, human resources, administration, and finance and purchasing.

The Amplifon Group distinguishes its core business strategy geographically and on the Group’s degree of market penetration and the EBITDA margin generated.

In Europe, the Middle East and Asia Pacific the business model is based on direct sales to end user customers (so-called “B2C”) and in detail:

- In regions where the Group has market leading positions and high EBITDA margin (such as Italy, Australia, New Zealand, Switzerland), the core strategy is to maintain its market position and look for opportunities to further increase penetration, mostly organic;
- In markets where the Group is a co-leader and enjoys average EBITDA margins (such as France, the Netherlands, Germany, Belgium, Spain, Portugal, Hungary), the Group will focus on increasing its market share and look for opportunities to better EBITDA margins also through M&A;
- In markets where the Group is not the leader and EBITDA margins (such as the United Kingdom) are low, the Group will look to improve its performance and develop its business, but will also consider possible divestures; and
- In emerging markets (such as India, Turkey and Egypt), where retailing of hearing aids is underdeveloped, The Group’s main strategy is to develop the market for hearing aids and continue to expand its retail footprint including opening in new countries.

In the US, the business model is based on indirect sales (so-called “B2B”) divided between the retail and the medical segments. Miracle Ear is the Group’s market leading retail brand in the US. Miracle Ear is entirely based on a franchisee model and exclusively deals with Siemens products. Management believes that the Group will look to continue developing its Miracle Ear franchised network and the value proposition in the retail network.

Sonus is a brand positioned on the medical segment comprising of a chain of clinics that was acquired by the Group in 2002-2004. In 2011, the Group has been transformed from direct operated stores to a franchisee distribution model, in line with the tendency for general practitioners and audiologists to manage independent medical practice.

Elite Hearing Network (“EHN”), founded in 1998, as part of Sonus and originally known as Sonus Network, has become the largest network of independent hearing care providers in the US. The primary objective of EHN is to build three way partnerships between the audiologist, the Group and the suppliers.

Hear PO is an organisation contracting discounting programs in favour of employees or members or large organisations. The prospective clients will call the Hear PO call centre and will be referred to the closest shop part of Miracle Ear, Sonus or Elite. Hear PO will invoice the end user and pay a fitting fee to the shop performing the audiological services.

Market Position

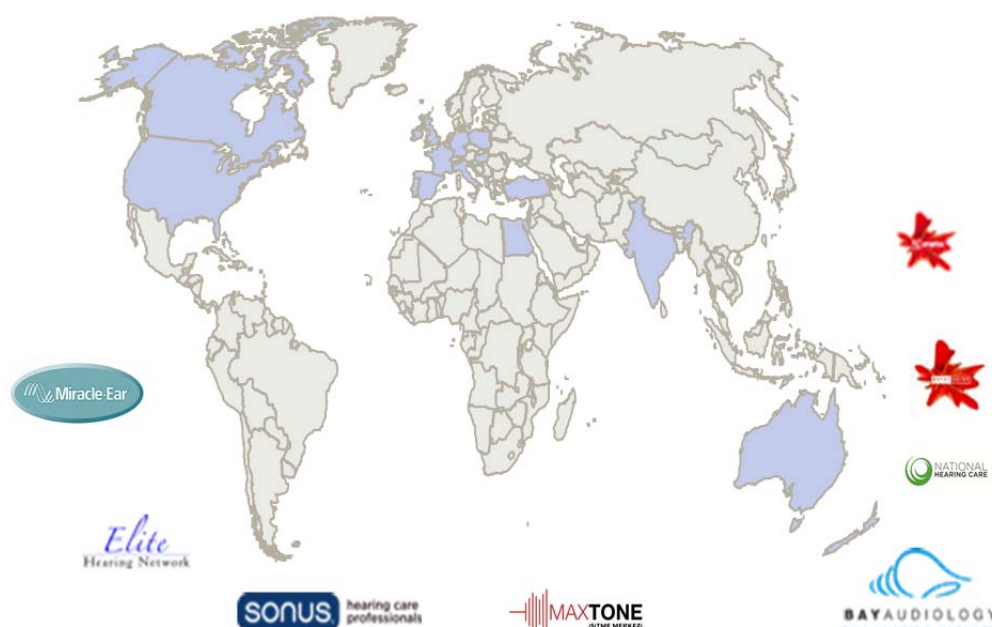
The distribution of the hearing aids market can be divided in two main channels:

- *Private distribution:* this is the market in which the Amplifon Group operates; it accounts for approximately 80 per cent. of the global market and is highly fragmented, which limits opportunities for large acquisitions. This is a market that largely consists of retailers selling instruments through private audiology stores and into which some hearing device manufacturer are entering;
- *Public distribution:* this is the market in which manufacturers sell units in bulk to hospitals and other primary care facilities; it accounts for approximately 20 per cent of the global market. There are three major global public distribution contracts, namely with the National Health Service (“NHS”) in the UK, the Department of Veterans Affairs (“VA”) in the US, and the Australian Health Services (“AHS”). The public share of distribution varies considerably among countries: in particular, it is estimated that in the UK, the contract with the NHS accounts for approximately 80 per cent. of the total units sold in the market;

Within the hearing aid private distribution market, the Amplifon Group is the global leader in terms of revenues, geographical reach, and effectiveness of the distribution network. Management believes that the Group is well-positioned to take full advantage of the largely untapped, growing market through its competitive strengths, which include: high level of customer service through its highly professional and international network, well-known brands, strong marketing skills, and privileged relationship with members of the ear-nose-and-throat specialist (“ENT”) community.

Due to its size and market position the Group takes advantages of high purchasing power and strong relationships with its suppliers. Being the world’s largest hearing aid distributor and retailer, the Group pursues the benefits of economies of scale and uses its global leading position in the hearing aids retail market to negotiate the agreements with suppliers at central level; however, agreements are also signed on a local basis with local logistics and support from suppliers. The Group has currently connections with over 7,000 ENT doctors and GPs. With only 20 per cent. of the eligible population estimated to wear a device, the Group believes that there is significant room for further penetration in the western markets.

The chart below shows the countries in which the Group operates:



The Amplifon Group holds market leading positions in terms of units sold in nearly every country in which the Group operates; in addition, in terms of units sold, the Group controls 9 per cent. of the global market and 14 per cent. of the markets in which it operates. In a heterogeneous and fragmented market, the Group’s synergies and international platform have enabled it to penetrate and expand into new, untapped environments and regions. The Amplifon Group holds the top position in several key markets including the US, the world’s largest market. It also controls a significant portion of the market in a number of other countries with ageing populations, such as the Netherlands, France, Italy, Switzerland, Australia and New Zealand.

The table below shows the Group’s market share in 2012 in the countries in which it operates:

Country	Brand	Market Share	Position	Competitors
Italy	Amplifon	41%	#1	Independents, Maico, Audionova, Audika, Audibel,
France	Amplifon	11%	#2	Audika, Audition Santè, Independents
The Netherlands	Beter Horen	32%	#1	Schoonenbeg, Specsavers
Germany	Amplifon	4%	#3	Kind, Geers/Hörgut (HAL)
Spain	Amplifon	10%	#2	Gaes, optical chains
Portugal	Amplifon	8%	#4	Acustica Medica, Minisom
Switzerland	Amplifon	21%	#1	Neuroth, Kind, Beltone
Belux	Amplifon	19%	#2	Lapperre, Veranneman, Audinova
Hungary	Amplifon	14%	#1	Geers, Kind, Demax, Medsound
Turkey	Maxtone	n/a	#4	Independents
Poland	Amplifon	n/a	-	Geers, Audiofon
UK & Ireland	Amplifon	14%	#2	Specsavers, Ormerods/ Boots, Hidden Hearing
USA	Miracle Ear/ Sonus	10%	#1 ^(*)	Beltone, Audibel, Costco, Avada, All American Hearing, Newport Audiology, Hear USA
Canada	Sonus	1%	-	Island Hearing, Forget Group
Australia	NHC	23%	#2	Australian Hearing, Audio Clinic, Widex, Hearing life, Connect Hearing
New Zealand	Bay Audiology/ NHC	58%	#1	Triton Hearing Clinics
India	Amplifon	n/a	-	Independents
Egypt	Amplifon	30%	#1	Independents
Markets of operations		14%	#1	
Global market		9%	#1	




(*) Largest branded retail organisation

Source: National Industry Associations and broker estimates (only private part of the market, excluding NHS in UK, & VA in USA)

Brand

Amplifon is the Issuer's flagship brand and is currently used in 14 countries; while the Group operates with different brands in the other markets in which it operates. In particular, in the process of international expansion, the Amplifon Group has acquired a number of local firms with strong well-known brands.

In addition to the Amplifon brand, the Issuer currently owns 7 brands as described below:

Brand	Description
	<ul style="list-style-type: none"> – Market Segment: medical and retail – Model: corporate POS – Flagship brand, founded in 1950 – Countries: Italy, France, Germany, Spain, Portugal, Switzerland, Belgium, Luxembourg, Hungary, Poland, UK, Ireland, India, Egypt – 1,471 owned stores, 2,271 Amplifon points and 50 franchisees/service centres
	<ul style="list-style-type: none"> – Beter Horen is a historic Dutch brand that has been a part of the market for 100 years – Market Segment: medical and retail – Model: corporate POS – Acquired in 2003 – Countries: Netherlands – 192 owned stores and 110 “shops in shops”
	<ul style="list-style-type: none"> – Miracle Ear is a market leader in the US – Market Segment: retail – Model: franchised stores – Acquired 1999 – Countries: US – 6 corporate POS and 1,166 franchised stores

Brand	Description
	<ul style="list-style-type: none"> – Sonus represents a chain of clinics acquired in the US that has historically been identified with top quality solutions and its medical approach – Market Segment: medical – Model: franchised stores – Acquired in 2002 – Countries: US, Canada – 11 corporate POS and 113 franchised stores
	<ul style="list-style-type: none"> – Elite Hearing Network is one of the largest independent networks in North America – Market Segment: medical and retail – Model: independent businesses – Acquired in 2002 – Countries: US – Network of 1,665 independent stores
	<ul style="list-style-type: none"> – National Hearing Care is a widely recognised brand, with strong presence in Australia and New Zealand – Market Segment: retail and medical – Model: corporate POS – Acquired in 2010 – Countries: Australia, New Zealand, India – 142 corporate POS, 20 “shops in shops”
	<ul style="list-style-type: none"> – Bay Audiology is a historic brand with market leading position in New Zealand – Market Segment: medical and retail – Model: corporate POS – Acquired in 2010 – Countries: New Zealand – 77 corporate POS
	<ul style="list-style-type: none"> – Market Segment: retail – Model: corporate POS – Acquired 2012 – Countries: Turkey – 9 corporate POS

Source: Amplifon internal data as of 31 December 2012

Distribution network

The Amplifon Group has one of the most widespread distribution networks comprised of over 1,900 stores, 2,400 service centres (Amplifon points), 1,600 US network affiliates and 1,300 franchisees. The agreements with suppliers are negotiated by the Amplifon Group centrally and sourced and distributed to the end clients via local channels. These include:

Corporate point of sales – these are direct point of sales for the Group through direct retail stores. This is supplemented by “Amplifon points”, which are service centres and first points of contact for customers, who are then directed to the stores (the “**Amplifon Points**”). The Amplifon Points are typically located at third-party premises such as pharmacies, opticians and private clinics and are common for regions where the Group has widespread penetration.

Non-corporate business – these are indirect channels through which the Group sells to independent sales organisations, which in turn distribute the hearing aids, accessories and complementary services to end users. These include:

- Franchisees who sell under a typical exclusive franchising agreement, at their own risk but benefiting from the use of advanced marketing tools, a market leader brand (*e.g.* Amplifon in some European countries and Miracle Ear and Sonus in the US) and other value-added services (*e.g.* training, administration and accounting services, pension funds, etc.); they buy

exclusively from the Amplifon Group. They may carry business either with full time shops or with part time and service centres as first-contact points with their customers (the “Franchisees”); and

- Elite or Network Affiliates, a channel which is active mainly in the US and which is similar to wholesale selling; it is a channel in which independent sales organisations (operating under their own name) buy products, on a non-exclusive basis, from the Amplifon Group. In addition, these independent sales organisations have access to various ancillary services similar to the ones offered to the Franchisees, but more limited in number.

The chart below highlights the Group’s distribution network as of 31 December 2012.

Country	Company brand	Direct points of sale		Indirect points of sale	
		Corporate points of sale	Amplifon Points	Franchisee/ service centres	Network affiliates
Italy.....	Amplifon	469	2,007	-	-
France	Amplifon	299	69	1	-
The Netherlands.....	Beter Horen	192	110	-	-
Germany	Amplifon	200	-	-	-
Spain & Portugal.....	Amplifon	108	31	24	-
Switzerland.....	Amplifon	79	-	4	-
Belgium & Luxembourg...	Amplifon	61	84	21	-
Hungary	Amplifon	26	11	-	-
Turkey.....	Maxtone	9	-	-	-
Poland.....	Amplifon	2	-	-	-
UK & Ireland	Amplifon	141	69	-	-
North America	Miracle Ear	6	-	1,166	-
	Sonus - US	1	-	113	-
	Sonus – Canada	10	-	-	-
	Elite Hearing Network	-	-	-	1,665
Australia	NHC	127	20	-	-
New Zealand.....	Bay Audiology	77	-	-	-
	NHC	15	-	-	-
India.....	Amplifon	73	-	-	-
Egypt.....	Amplifon	13	-	-	-
Total		1,908	2,401	1,329	1,665

Source: Amplifon internal data

Geographical Areas of Activity

Since the 1990s, one of the Group’s key strategies has been expansion into new markets through acquisitions, focusing on gaining market leading positions in newly entered regions and consolidating its position in established markets. The Amplifon Group has successfully implemented this strategy and has diversified its operations across 20 countries in five continents. The Group’s revenue growth, over the last ten years, was driven primarily by its growing presence in Continental Europe and by entering new markets such as Australia, New Zealand and India. In addition, the Group’s focus on diversification has resulted in further reduction of its exposure to Italy from 34 per cent. of revenues in 2003 to 27 per cent. in 2012.

The Group’s revenues increased by 2.3 per cent. from €827.4 million in 2011 to €846.6 million in 2012; such increase was driven primarily by North America and Asia, both of which experimented growth rates of 14.2 per cent. from 2011 to 2012. EBITDA on the other hand substantially remained unchanged (recording an increase of 0.5 per cent.) with North America and Asia compensating for the decrease in EBITDA in Continental Europe.

The following table provides a detailed breakup of the Group's revenues by country for 2011 and 2012:

	For the year ended 31 December 2012		For the year ended 31 December 2011		Change
	(€000s)	% of total	(€000s)	% of total	%
Italy.....	224.5	26.5%	221.3	26.7%	1.4%
France.....	98.3	11.6%	96.9	11.7%	1.5%
The Netherlands.....	89.8	10.6%	97.1	11.7%	(7.6%)
Germany.....	41.8	4.9%	42.7	5.2%	(2.3%)
Iberian Peninsula.....	32.0	3.8%	32.8	4.0%	(2.5%)
Switzerland.....	26.0	3.1%	41.1	5.0%	(36.8%)
Belgium and Luxembourg.....	21.5	2.6%	21.4	2.6%	0.4%
Hungary.....	6.0	0.7%	4.3	0.5%	40.0%
Turkey.....	1.4	0.2%	N/A	N/A	N/A
Total Continental Europe.....	541.1	64.0%	557.5	67.4%	(2.9%)
Total UK and Ireland.....	41.8	4.9%	39.4	4.8%	6.1%
Total North America.....	130.4	15.4%	114.2	13.8%	14.2%
Australia.....	91.8	10.8%	78.4	9.5%	17.2%
New Zealand.....	37.9	4.4%	35.8	4.3%	5.8%
India.....	1.1	0.1%	0.4	0.0%	185.4%
Total Asia Pacific.....	130.8	15.4%	114.6	13.8%	14.2%
Total Africa (Egypt).....	2.5	0.3%	1.8	0.2%	37.3%
Total.....	846.6	100.0%	827.4	100.0%	2.3%

Italy

In Italy, revenues amounted to €224.5 million in 2012 compared to €221.3 million in 2011, evidencing an increase of €3.2 million (approximately 1.4 per cent.). After a flat to slightly lower first three quarters in 2012, the fourth quarter performance was solid with a 4.9 per cent. increase, compared to the same period of previous year. This was driven, both by an increase in the number of units sold and a higher average sales price due to a better product mix.

In 2012, the Group continued to expand its geographical presence reaching 469 points of sale (compared to 455 in December 2011) and 2,007 Amplifon Points (compared to 1,889 at the end of 2011).

France

In France, revenues amounted to €98.3 million compared to €96.9 million in 2011, evidencing an increase of €1.4 million (equal to approximately 1.5 per cent.). Although organic growth in units was impacted, the average sales price of products held-up supported by marketing efforts. Acquisitions contributed 2.4 per cent. to revenue growth.

The total number of stores in France reached 300 in December 2012 compared to 291 of the previous year and Amplifon Points increased from 63 to 69 during the same period.

The Netherlands

In The Netherlands, revenues in 2012 were significantly impacted and decreased by 7.6 per cent. compared to 2011, totalling €89.8 million in 2012. This was due to adverse market conditions, particularly in the first half, together with the pressure exerted in product prices by local media on the hearing aid sector which referred to unduly high prices without, however, bearing in mind the cost of the service provided to customers and intense competition between market players. The trend started to reverse in the third quarter and then was followed by a strong fourth quarter, when some of the curbed demand accumulated in the prior quarters was fulfilled, that evidenced a 23.6 per cent. increase over 2011 fourth quarter revenues.

The Group had 192 stores at the end of 2012 in the Netherlands compared to 179 at the end of the previous year, whereas the number of Amplifon Points remained unchanged at 110.

During the fourth quarter of 2012, the health insurance companies that channel the vast majority of the Dutch market implemented a tender process to select preferred suppliers from 2013 onwards. The Dutch subsidiary of Amplifon, in order to be eligible for all major tenders, made significant price concessions that are impacting the 2013 trading performance. This will lead to significant margins compression; accordingly, the Amplifon Group has started a cost cutting plan that will involve a headcount reduction and the renegotiation of terms of agreements with suppliers.

Germany

The Group experimented hard competition from the two main market players in Germany resulting in downward pressure on average sales price during the year. The strong recovery witnessed in the fourth quarter was further supported by acquisitions that helped in softening the decrease in revenues by 2.3 per cent in 2012.

The German market (Europe's largest) is extremely fragmented and includes approximately 3,300 points of sale. The Amplifon Group, with 200 locations at the end of 2012 (compared to 192 in 2011), is the third largest player in terms of number of stores. Notably, the Group's presence in Germany dates back to as recent as 2005 when the first 26 shops belonging to Axt Wenton were bought.

Iberian Peninsula

Overall performance in the Iberian Peninsula was impacted by restrictive measures undertaken by the governments to limit debt. Public health care services in Spain and Portugal do not provide any subsidies for the purchase of hearing aids and therefore sales are more sensitive to the general economic environment. Spain reported a decline in revenues which was buffered by an increase in sales in Portugal. The earlier timing of the crisis in Portugal combined with steps taken by management to increase customer loyalty and the repurchase rates were main drivers of positive results in Portugal. The same measures are currently being implemented in Spain.

At the end of 2012, the region was served by 108 direct stores and 24 franchises (compared to 109 and 34, respectively, in 2011), as well as by 31 Amplifon Points (compared to 5 in 2011).

Switzerland

In 2012, the Amplifon Group recorded a sharp decrease in revenues in Switzerland compared to 2011 which is largely explained by the unusual revenue growth in the prior year, due to regulatory changes that took effect in the second quarter of 2011. This led to consumers concentrating their purchases in this period and subsequently led to a decline in sales in 2012. However, product prices continued to hold-up and management believes that there will be a gradual return to historic market volumes in 2013.

At the end of 2012, the Group had 79 direct stores in the region and the number of points of sale remained unchanged compared to 2011.

Belgium and Luxembourg

In Belgium and Luxembourg, there was a marginal increase in revenues in 2012 by 0.4 per cent., driven by marketing initiatives undertaken by local management which resulted in an increase in both volumes and the average sales price.

At the end of 2012, the region was served by 61 direct points of sale and 21 franchises (compared to 57 and 19, respectively, in 2011), as well as by 84 Amplifon Points (compared to 83 in 2011).

Hungary

Despite the Forint's depreciation against the Euro, revenues increased by 40 per cent. in Hungary in 2012, compared to revenues in 2011. This was driven by a good trend in the sale of hearing aids and the sale of cochlear implants to the national healthcare service.

Turkey

The Amplifon Group acquired Maxtone in Turkey at the beginning of 2012. At the end of 2012, the Group operated 9 points of sale and generated revenues of €1.4 million during the year.

UK and Ireland

In the UK and Ireland, revenues in 2012 increased by €2.4 million from €39.4 million in 2011 to €41.8 million in 2011, an increase of 6.1 per cent., entirely due to positive foreign exchange effects. (in pound sterling the decrease amounts to 0.8 per cent.). A slight recovery began in September, resulting in a strong fourth quarter driven by increase in volumes but marginally dampened by a slight reduction in the average sales price.

Despite a few regulatory changes designed to facilitate an initial collaboration between the private and public sectors, the competitive scenario continues to be greatly affected by the fact that the National Health Service (NHS) provides hearing aids free of charge.

At the end of 2012, the Group had 141 point of sales and 69 Amplifon Points, substantially unchanged to 2011.

North America

In 2012, revenues in North America amounted to €130.4 million compared to €114.2 million in 2011, evidencing an increase of 14.2 per cent. The figure was positively impacted by exchange rate effects, in local currency the revenue growth was 5.4 per cent. compared to the previous year. In addition, revenues increased despite Hurricane Sandy resulting in closure of certain north-eastern stores of the Amplifon Group and also the distribution centre of the Group's main North American supplier for about two weeks. As a result, the year-end promotional sales to the franchisees and other members of the indirect channels with which the Group does business in this market were not held.

The Group's growth in North America was driven by completion of remodelling Sonus' business from a direct to indirect channel, and also by improved product mix and ability to attract new members for, both, Elite's wholesale channel and Miracle Ear's retail franchising channel.

At the end of 2012, the Amplifon Group had 17 direct stores, 1,279 franchises and 1,665 wholesale points of sale (compared to 25 direct stores, 1,320 franchises and 1,500 wholesale points of sale, respectively, at the end of 2011).

Australia

In 2012, Australia continued to evidence strong growth. The revenues amounted to €91.8 million compared to €78.4 million in 2011, evidencing an increase of approximately 17.2 per cent. The local currency growth rate, net of exchange rate effects, amounted to 7.8 per cent.

In Australia, at the end of 2012, the Group had 127 direct points of sale (119 in 2011) and 20 customer contact points (compared to zero in 2011).

New Zealand

Revenues in New Zealand amounted to €37.9 million in 2012, compared to €35.8 million in 2011, evidencing an increase of 5.8 per cent. This increase was driven by positive exchange rate effects; on a local currency basis revenues declined by 4.6 per cent.

Sales in 2012 were affected by internal reorganisation that related to grouping the two operating structures and the two brands under which the Group operates under the same management.

The region was served by 92 stores at the end of 2012 (compared to 90 in 2011).

India

India represents an undeveloped market for the retailing of hearing aids and the Amplifon Group looks to develop its distribution network in the region as well as continue to grow organically.

Amplifon had 73 points of sale at the end of 2012 in India (compared to 24 in 2011), including both, direct stores and points of sale inside hospitals.

Africa

In 2012, the Amplifon Group continued to grow organically in Africa (Egypt), evidencing an increase of 37.3 per cent. compared to the previous year (29.4 per cent. adjusted for currency effects).

The Group had 13 points of sale at the end of 2012 compared to 11 in the previous year.

Acquisitions

The Amplifon Group has focused on expanding its business through the purchase of strategic hearing aid retailers that offer synergies to its current platform as well as an entry point to previously not covered markets. The expansion and further internationalisation of the Group follows a strategy based on the acquisition and integration of companies that are leaders in their respective markets.

The table below shows the Group's key acquisitions (with companies' value higher than €10 million) in the last five years:

Company	Year	Sales (m)	EV (m)	EV/sales
NHC Group (Australia, New Zealand and India).....	2010	A\$151	A\$460	3.0x
Dialogue (Belgium)	2009	~€15.2	€14.2	~0.9x

Source: Amplifon internal data

The Amplifon Group also made a number of smaller acquisitions in 2012, adding a total of 73 owned and franchised stores to its operations.

In 2012, the Group made acquisitions totalling €12.6 million, including the debt assumed, in order to strengthen its position in certain countries and enter markets where it was not yet present.

In January 2012, the Group acquired 51 per cent. of Maxtone, a company active in the distribution of hearing aids in Turkey. Maxtone is the first Turkish player to have begun developing a highly innovative retail approach through the completion of modern, avant-garde concept stores. Maxtone is active in Turkey through nine stores strategically located in Turkey's most important cities (Ankara, Istanbul, Izmir). Turkey represents good potential for growth for the Group, being the 14th largest economy in the world and with a hearing solutions market that has grown at a compound annual growth rate of approximately 15 per cent. since 2001.

In August 2012, the Amplifon Group significantly expanded its presence in India through the acquisition of 38 stores belonging to Beltone India. This acquisition was facilitated through the Group's partnership with GN Resound Group, one of the largest manufacturers of hearing aids in the world. India is the world's fourth largest economy with a hearing solutions market showing robust growth. Despite being largely underdeveloped and fragmented, management believes that the Indian hearing aid market has very interesting future prospects linked to the growing purchasing power of the population and the low penetration rate of digital devices.

In August 2012, Amplifon Poland was formed. Amplifon holds 49 per cent. of Amplifon Poland, while the majority stake of 51 per cent. is held by two local partners. This transaction is part of the strategic growth path defined in order to strengthen the Group's presence in markets which the Issuer believes have the greatest development potential. Poland is the sixth largest economy in Europe and twenty-first in the world, with a highly fragmented hearing solutions market and perceived potential opportunities for a player that uses an advanced medical/retail business model.

Additionally, the Group acquired stores in France, Germany and Spain and signed new franchise agreements to acquire new customers' database in the US during the year.

Financing

The following table provides a breakdown of the main senior Medium/Long-Term facilities (including, private placement of notes) of the Group as at the date of this Prospectus.

Borrower	Agreement	Guaranteed by:	Maturity	Original Amount	Outstanding Amount as at the date of this Prospectus	Secured/Unsecured
(i) Syndicated Acquisition Facility Agreement (*)						
Amplifon S.p.A.		Amplifon S.p.A., Amplifon Nederland BV, Amplifon Deutschland G.m.b.H, Amplifon UK Ltd, Amplifon Australia Holding Pty Ltd,	3 December 2015	EUR 120,000,000	EUR 94,500,000	Unsecured
Amplifon S.p.A., French Branch	€303,800,000	Amplifon Australia Pty Ltd, NHC Group Pty Ltd, ACN 119430018 Pty Ltd, National Hearing Centres Pty Ltd., National Hearing Centres Unit Trust, Amplifon USA	3 December 2015	EUR 53,800,000	EUR 42,367,500	Unsecured
Amplifon Nederland B.V.	A\$70,000,000 Facility Agreement		3 December 2015	EUR 100,000,000	EUR 78,750,000	Unsecured
Amplifon Australia Pty Ltd			3 December 2015	A\$ 70,000,000	A\$ 55,125,000	Unsecured
Total Facility Agreement				EUR 303,800,000 A\$ 70,000,000	EUR 215,617,500 A\$ 55,125,000	
(ii) US Private Placement 2006-2016						
Amplifon (USA) Inc.	2006 Note Purchase Agreement	Amplifon S.p.A., Amplifon Nederland BV, Amplifon Deutschland G.m.b.H, Amplifon UK Ltd, Amplifon Australia Holding Pty Ltd, Amplifon Australia Pty Ltd, NHC Group Pty Ltd, ACN 119430018 Pty Ltd, National Hearing Centres Pty Ltd., National Hearing Centres Unit Trust	2 August 2013 – Tranche B	US\$85,000,000	US\$85,000,000	Unsecured
			2 August 2016 – Tranche B	US\$70,000,000	US\$70,000,000	Unsecured
Total US Private Placement 2006-2016				US\$155,000,000	US\$155,000	
(iii) US Private Placement 2013-2025						
Amplifon (USA) Inc.	2013 Note Purchase Agreement	Amplifon S.p.A., Amplifon Nederland BV, Amplifon Deutschland G.m.b.H, Amplifon UK Ltd, Amplifon Australia Holding Pty Ltd,	31 July 2020 –Tranche A	US\$7,000,000	US\$7,000,000	Unsecured
			31 July 2020 –Tranche B	US\$13,000,000	(**)	Unsecured
			31 July 2023 –Tranche C	US\$8,000,000	US\$8,000,000	Unsecured

Borrower	Agreement	Guaranteed by:	Maturity	Original Amount	Outstanding Amount as at the date of this Prospectus	Secured/ Unsecured
		Amplifon Australia Pty Ltd, NHC Group Pty Ltd, ACN 119430018 Pty Ltd, National Hearing Centres Pty Ltd., National Hearing Centres Unit Trust	31 July 2023 –Tranche D	US\$42,000,000	(**)	Unsecured
			31 July 2023 –Tranche E	US\$50,000,000	(**)	Unsecured
Total US Private Placement 2013-2025				US\$130,000,000	US\$15,000,000	

(*) The syndicated acquisition facility (a portion of which is owed to certain of the Joint Lead Managers, directly or through an affiliate or through companies being part of their banking group, including parent companies) will be entirely repaid within five (5) days from the Issue Date (as defined in the Terms and Conditions), pursuant to the mandatory prepayment clause provided therein.

(**) The full original amount will be drawn on 31 July 2013.

Employees

The following table shows a breakdown of the Group's employees as at 31 December 2012 and 2011, based on headcounts at each year end.

	As at 31 December	
	2012	2011
Audio-prosthesists	2,072	1,947
Other front office staff	1,946	1,851
Support functions	1,235	1,207
Total	5,253	5,005

In addition to the employees, the Group has agreements in place with over 5,000 workers which are not on payroll (of which approximately 2,900 are audio-prosthesists) and mainly working in the US Franchisee and Elite channel and in Italy under agency contracts. As at 31 December 2012, of a total workforce of 10,390 people, the employees were 5,253, while 5,137 was formed by sales force not on payroll.

The level of trade union membership of the Group's employees is limited and varies from country to country and Group companies are party to a number of collective bargaining agreements

Regulatory Framework

The hearing aids industry is typically regulated by health institutions in each respective country in which the Group operates. These regulations differ from country to country based on:

- the professional qualification of audiologists and hearing-aid specialists;
- whether or not a medical examination and prescription for the use of a hearing aid is mandatory;
- the predominance of the private or the public sector; and
- whether the national health service reimburses the cost.

Regulatory environment in a region impacts the hearing aids retail markets in multiple ways. Stricter qualification criteria for audiologists creates a supply-demand imbalance and benefits larger players like the Amplifon Group. The reimbursement of hearing aids has an impact on their demand as it covers in some countries a significant percentage of the cost. Cultural factors, willingness to pay for service and competition play an important role in driving the product mix for a region.

Litigation

The Issuer and its subsidiaries are subject to various legal proceedings arising in the ordinary course of their business. While any litigation has an element of uncertainty, the Issuer does not expect that

the outcome of any such proceeding, either individually or in aggregate, will have a significant effect upon the Group's financial position or results of operations.

Legal Organisational Structure

The Issuer is the parent company of the Amplifon Group.

The table below list the subsidiaries of the Issuer and other companies in which the Issuer or any subsidiary beneficially owns or holds, directly or indirectly, ten per cent. (10%) or more of any class of voting or equity interests as at the date of this Prospectus.

Subsidiaries

Subsidiary	Jurisdiction of Organisation	Ultimate Ownership	Direct Ownership	By:
Amplimedical S.r.l. – in liquidation	Italy	100.0%	100.0%	Amplifon S.p.A.
Amplifon Groupe France SA	France	100.0%	100.0%	Amplifon S.p.A. Amplifon Groupe France SA
SCI Eliot Leslie	France	100.0%	100.0%	Amplifon S.p.A. ^(*)
Amplifon Iberica SA	Spain	100.0%	100.0%	Amplifon S.p.A.
Amplifon Portugal SA	Portugal	100.0%	100.0%	Amplifon Iberica SA
G.A. Zamorano SL	Spain	51.0%	51.0%	Amplifon Iberica SA
Audiosalud SL	Spain	75.1%	75.1%	Amplifon Iberica SA
Ampli Lleida SLU	Spain	80.0%	80.0%	Amplifon Iberica SA
Fundación Amplifon Iberica	Spain	100.0%	100.0%	Amplifon Iberica SA
Ampli Tres SL	Spain	51.0%	51.0%	Amplifon Iberica SA
Amplifon Magyarország Kft	Hungary	100.0%	100.0%	Amplifon S.p.A.
Amplibus Magyarország Kft	Hungary	100.0%	100.0%	Amplifon Magyarország Kft
Amplifon AG	Switzerland	100.0%	100.0%	Amplifon S.p.A.
Amplifon RE AG	Switzerland	100.0%	100.0%	Beter Horen BV
Amplinsure RE AG	Switzerland	100.0%	100.0%	Amplifon Nederland BV
Hearing Supplies SA	Switzerland	100.0%	100.0%	Amplifon Nederland BV
Amplifon Nederland BV	The Netherlands	100.0%	100.0%	Amplifon S.p.A.
Auditech BV	The Netherlands	100.0%	100.0%	Amplifon Nederland BV
Electro Medical Instruments BV	The Netherlands	100.0%	100.0%	Amplifon Nederland BV
Beter Horen BV	The Netherlands	100.0%	100.0%	Amplifon Nederland BV
Amplifon Customer Care Service BV	The Netherlands	100.0%	100.0%	Beter Horen BV Amplifon S.p.A.
Amplifon Belgium NV	Belgium	100.0%	100.0%	Amplifon Nederland BV ^(**)
Amplifon Luxemburg Sarl	Luxembourg	100.0%	100.0%	Amplifon Belgium NV
Amplifon Deutschland GmbH	Germany	100.0%	100.0%	Amplifon S.p.A.
Amplifon Ost GmbH	Germany	100.0%	100.0%	Amplifon Deutschland GmbH
Amplifon München GmbH	Germany	100.0%	100.0%	Amplifon Deutschland GmbH
Amplifon Bayern GmbH	Germany	100.0%	100.0%	Amplifon München GmbH
Amplifon Vertriebs GmbH	Germany	100.0%	100.0%	Amplifon Deutschland GmbH
Sanomed GmbH	Germany	100.0%	100.0%	Amplifon Deutschland GmbH
Makstone İştirake Ürünleri Perakende Satış A.Ş.	Turkey	51.0%	51.0%	Amplifon S.p.A.
Amplifon UK Ltd	UK	100.0%	100.0%	Amplifon S.p.A.
Amplifon Ltd	UK	100.0%	100.0%	Amplifon UK Ltd
Ultra Finance Ltd	UK	100.0%	100.0%	Amplifon UK Ltd
Ultravox Holdings Ltd	UK	100.0%	100.0%	Amplifon UK Ltd
Amplifon Ireland Ltd	Ireland	75.0%	75.0%	Amplifon Ltd
Miracle Ear Inc.	MN (USA)	100.0%	100.0%	Amplifon USA Inc.
Sonus USA Inc.	WA (USA)	100.0%	100.0%	Amplifon USA Inc.
Sonus Canada LTD	Canada	100.0%	100.0%	Amplifon USA Inc.
Amplifon National Hearing Centers Inc.	DE (USA)	100.0%	100.0%	Amplifon USA Inc.
Amplifon USA Inc.	DE (USA)	100.0%	100.0%	Amplifon S.p.A.
Miracle-Ear of Texas, Inc.	MN (USA)	100.0%	100.0%	Miracle Ear Inc.
Sonus-Texas, Inc.	MN (USA)	100.0%	100.0%	Sonus USA Inc.
Hear PO, Inc.	MN (USA)	100.0%	100.0%	Sonus USA Inc.
National Hearing Centers of Texas INC.	DE (USA)	100.0%	100.0%	Amplifon USA Inc.
Beckwith Consultants, Inc.	FL (USA)	100.0%	100.0%	Sonus USA Inc.
Amplifon Middle East SAE	Egypt	51.0% 20.4%	51.0% 20.4%	Amplifon S.p.A. Amplifon S.p.A.
Amplifon Australia Holding Pty Ltd	Australia	79.6%	79.6%	Amplifon Nederland BV
Amplifon Australia Pty Ltd	Australia	100.0%	100.0%	Amplifon Australia Holding Pty Ltd
NHC Group Pty Ltd	Australia	100.0%	100.0%	Amplifon Australia Pty Ltd
ACN 119430018 Pty Ltd	Australia	100.0%	100.0%	Amplifon Australia Pty Ltd
National Hearing Centres Pty Ltd	Australia	100.0%	100.0%	ACN 119430018 Pty Ltd
National Hearing Centres Unit Trust	Australia	100.0%	100.0%	ACN 119430018 Pty Ltd
Amplifon NZ Ltd	New Zealand	100.0%	100.0%	Amplifon Australia Pty Ltd

Subsidiary	Jurisdiction of Organisation	Ultimate Ownership	Direct Ownership	By:
Bay Audiology Ltd	New Zealand	100.0%	100.0%	Amplifon NZ Ltd
Bay Audiology South Ltd – in liquidation	New Zealand	100.0%	100.0%	Bay Audiology Ltd
BAS Ltd – in liquidation	New Zealand	100.0%	100.0%	Bay Audiology Ltd
Amplifon India Pvt Ltd	India	100.0%	100.0%	Amplifon Nederland BV
NHanCe Hearing Care LLP ^(***)	India		0.0%	

^(*) Amplifon S.p.A. owns 1 share.

^(**) Amplifon Nederland BV owns 1 share.

^(***) Consolidated company subject to *de facto* control by the Amplifon Group.

List of companies (other than subsidiaries) in which the Issuer or any subsidiary beneficially owns or holds, directly or indirectly, ten per cent. (10%) or more of any class of voting or equity interests

Company	Jurisdiction of Organisation	Ultimate Ownership	Direct Ownership	By:
Comfoor BV	The Netherlands	50.0%	50.0%	Amplifon Nederland BV
Audiogram Audifonos SL	Spain	49.0%	49.0%	Amplifon Iberica SA
Amplifon Poland Sp.z.o.o.	Poland	49.0%	49.0%	Amplifon S.p.A.
Lakeside Specialist Centre Ltd	New Zealand	50.0%	50.0%	Bay Audiology South Ltd
Dilworth Hearing Ltd	New Zealand	40.0%	40.0%	Bay Audiology Ltd
Dilworth Hearing Takapuna Ltd	New Zealand	31.0%	79.0%	Dilworth Hearing Ltd
Dilworth Hearing Hamilton Ltd	New Zealand	24.0%	60.0%	Dilworth Hearing Ltd
Dilworth Hearing Tauranga Ltd	New Zealand	24.0%	60.0%	Dilworth Hearing Ltd

Management

Corporate governance

The Issuer applies the ordinary model of management and control envisaged under Italian law, which involves a division of powers between the shareholders' meeting, the Board of Directors, the Board of Statutory Auditors and independent auditors. The directors and other company bodies are appointed at the shareholders' meeting for a three-year period. The independent auditors are appointed for nine-year periods.

The corporate governance system adopted by the Issuer is substantially consistent with the principles established in the Corporate Governance Code for Listed Companies published by the Italian Corporate Governance Committee (the “**Code**”). In compliance with the “comply-or-explain” principle, the Issuer gives reasons for any departure from the provisions of the Code.

The Issuer ensures compliance with the Code through, *inter alia*, the adoption of internal committees. In particular, the Issuer has established a “Risk and Control Committee” and a “Remuneration Committee”. The committees are comprised of at least three non-executive Directors, the majority of which are independent, and perform their activities in accordance with the guidelines set forth in the Code

The Issuer's key corporate governance documents comprise: (i) its by-laws; (ii) the rules of shareholders' meetings; (iii) the “Procedure for handling and publishing corporate information”, in particular price sensitive information; (iv) the related party transactions procedure; (v) the internal dealing procedures; (vi) the code of ethics; and (v) the Corporate Governance Code for Listed Companies, proposed by the Listed Companies Corporate Governance Committee.

Board of Directors

The following table shows the names of the current members of the Board of Directors, their positions and principal posts held outside the Issuer.

Name	Position	Principal activities outside the Issuer
Susan Carol Holland	Chairman	Deputy Chairman Amplifon S.p.A.
Anna Maria Formiggini Holland	Honorary Chairman	Chairman Amplifon S.p.A.
Franco Moschetti	Chief Executive Officer	Independent Director Diasorin S.p.A. Independent Director Fideuram Investimenti SGR S.p.A.

Name	Position	Principal activities outside the Issuer
Giampio Bracchi	Independent Director	Director Touring Club Italiano. Chairman IntesaSanPaolo Private Banking S.p.A. Director CIR S.p.A. Director Banca del Sempione S.A. Chairman Perennius Capital Partners SGR
Maurizio Costa	Independent Director	Deputy Chairman Fininvest S.p.A.
Luca Garavoglia	Independent Director	Chairman Davide Campari-Milano S.p.A. Director of RCS MediaGroup S.p.A.
Andrea Guerra	Independent Director	Chief Executive Officer Luxottica Group S.p.A. Director Luxottica S.r.l. Chairman of the Board OPSM Group PTY LIMITED Director Oakley INC Director Luxottica US HOLDINGS CORP Director Luxottica Retail North America INC
Giovanni Tamburi	Independent Director	Chairman Tamburi Investment Partners S.p.A. Director Datalogic S.p.A. Director Zignago Vetro S.p.A. Director Interpump S.p.A. Director Prysmian S.p.A.

The current members of the Board of Directors were appointed for a three-year term by a resolution passed at the Issuer's annual shareholders' meeting held on 17 April 2013.

The business address of each of the members of the Board of Directors is the Issuer's registered office.

Board of Statutory Auditors

The current members of the Board of Statutory Auditors were appointed for a three-year term by a resolution passed at the Issuer's annual shareholders' meeting held on 18 April 2012 and the following table shows their names, positions and principal activities outside the Issuer.

Name	Position	Principal activities outside the Issuer
Giuseppe Levi	Chairman	Chairman of Board of Statutory Auditors L.S.E.G.H. Italia S.p.A. Statutory Auditor Borsa Italiana S.p.A. Statutory Auditor Monte Titoli S.p.A. Statutory Auditor M.T.S. S.p.A. Chairman of Board of Statutory Auditors Barclays Family S.p.A. Chairman of Board of Statutory Auditors Extrabanca S.p.A. Statutory Auditor Touring Club Italiano Member of Supervisory Board Tamburi Investment Partners S.p.A.
Emilio Fano	Statutory Auditor	Statutory Auditor BSI Wealth&Family SIM S.p.A. Chairman of Board of Statutory Auditors GRC Parfum S.p.A. Statutory Auditor Cairo Editore S.p.A. Statutory Auditor Cairo Pubblicità S.p.A. Statutory Auditor EOS Servizi Fiduciari S.p.A. Statutory Auditor Givaudan Italia S.p.A. Statutory Auditor ICMESA –Industrie Chimiche Media S.p.A. under liquidation Statutory Auditor Istituto Delle Vitamine S.p.A. Statutory Auditor LA7 S.r.l.
Maria Stella Brena	Statutory Auditor	Statutory Auditor Nespresso Italiana S.p.A. Statutory Auditor Basf Coating S.p.A. Statutory Auditor Basf Construction Chemical – BCC S.p.A. Statutory Auditor Basf Italia S.p.A. Statutory Auditor EuroChem Agro S.p.A. Chairman of Board of Statutory Auditors FlintGroup Italia S.p.A. Chairman of Board of Statutory Auditors Randstad Group Italia S.p.A. Chairman of Board of Statutory Auditors Randstad Italia S.p.A.
Mauro Coazzoli	Alternate Auditor	Statutory Auditor SINI S.p.A. Statutory Auditor Borsa Italiana S.p.A. Statutory Auditor Barclays Family S.p.A. Statutory Auditor Cassa di Compensazione e Garanzia S.p.A. Statutory Auditor Amplifin S.p.A. Statutory Auditor Ampliare S.p.A. Statutory Auditor Luigi & Felice Castelli S.p.A.
Claudia Mezzabotta	Alternate Auditor	Chairman of Board of Statutory Auditors GateLab S.r.l. Chairman of Board of Statutory Auditors Fiat Industrial S.p.A. Chairman of Board of Statutory Auditors Carrara S.p.A.

Name	Position	Principal activities outside the Issuer
		Chairman of Board of Statutory Auditors Fultes S.p.A.
		Statutory Auditor Sabre Italia S.r.l.
		Statutory Auditor General Electric Lighting S.r.l.
		Statutory Auditor Ottana Polimeri S.r.l.
		Alternate Auditor Prysmian S.p.A.

The appointments of the current members of the Board of Statutory Auditors will expire at the shareholders' meeting at which the Issuer's 2014 annual financial statement are approved.

The business address of each of the members of the Board of Statutory Auditors is the Issuer's registered office.

Conflicts of interest

So far as the Issuer is aware and save as disclosed above, there are no potential conflicts of interests between any duties of the members of the Board of Directors and the Board of Statutory Auditors and their private interests.

Shareholders

The following table sets out details of the persons who have significant shareholdings in Amplifon as at the date of this Prospectus, which is based on disclosures required to be made to the Issuer and to CONSOB under Italian law.

Declarant	Direct shareholder	% of ordinary capital ^(*)	% of voting capital ^(***)
Ampliter NV ^(**)	Ampliter NV	54.843	56.047
FMR LLC	FMR LCC	4.994	5.135
Tamburi Investment Partners S.p.A.	Tamburi Investment Partners S.p.A.	4.025	4.395
Allianz SE	Allianz Lebensversicherungs AG	1.608	1.5048
Allianz SE	Allianz Versicherungs AG	0.301	0.267
Allianz SE	Allianz RAS	0.126	0.112
Allianz SE	Martin Maurel Vie	0.001	0.001
Allianz SE	Dresdner Bank	0.0004	0.0004

Notes:

^(*) The percentages refer to the share capital disclosed to CONSOB pursuant to art. 120 of T.U.F.

^(**) With specific reference to Ampliter NV, reference is made to the declaration dated 20 March 2012.

^(***) The percentages refer to the share capital at the date of this prospectus

The Issuer is controlled directly by Ampliter N.V. and indirectly by Amplifin S.p.A., owned by Susan Carol Holland, with 100 per cent. of the shares, whilst Anna Maria Formiggini Holland retains usufruct.

No shareholders have given notice to the Issuer of any shareholders' agreements, as provided for under Article 122 of Legislative Decree No. 58 of 24 February 1998.

Share Capital

As at the date of this Prospectus, the Issuer had an authorised, issued and fully paid-up share capital of € 4,478,540.24 consisting of 223,927,012 ordinary shares of € 0.02 each. The Issuer holds 6,900,000 treasury shares, equal to approximately 3.08 per cent. of its share capital. The Issuer's ordinary shares are admitted to trading on the *Mercato Telematico Azionario*, the screen-based market of Borsa Italiana S.p.A. and in the STAR segment.

DESCRIPTION OF THE GUARANTORS

AMPLIFON (USA), Inc.

Incorporation and status

Amplifon (USA), Inc. (“**Amplifon (USA)**”) is a corporation incorporated under the laws of the state of Delaware, USA, with its headquarters at 5000 Cheshire Lane North, Plymouth, Minnesota, 55446 (USA). It is registered in Delaware with the Delaware Secretary of State under registration number 41-1958972. It was incorporated on 30 June 1999. Its telephone number is +1 763-268-4000.

Principal activities

The principal activity of Amplifon (USA) is the hearing aid distribution.

Share Capital

As at 31 December 2012, Amplifon (USA) had an authorised share capital of \$52,500,010, represented by 1,000 shares having a nominal value of \$52,500.01 each. All issued shares are held by the Issuer.

Board of Directors and officers

The current Board of Directors of Amplifon (USA) is comprised of 3 members, each of whom will remain in office until his successor is elected and qualified or until his earlier resignation or removal. As at the date of this Prospectus, the members of the Board of Directors of Amplifon (USA) are Franco Moscetti, Heinz Ruch and Ugo Giorcelli.

Employees

As at the date of this Prospectus, Amplifon (USA) has 220 employees. Amplifon (USA) has 87 employees that support its subsidiaries: Miracle Ear, Inc. (50 employees), Sonus-USA, Inc. (31 employees in two business line), HearPO Corp (21 employees) and Sonus Canada, Ltd. (31 employees).

Financial Year and Auditors

The financial year of Amplifon (USA) is the calendar year. Financial information relating to Amplifon (USA) are audited by PricewaterhouseCoopers LLP and forms part of the consolidated financial statements of the Issuer audited by PricewaterhouseCoopers S.p.A. Amplifon (USA) is not required to prepare stand-alone financial statements.

NATIONAL HEARING CENTRES Pty. Ltd.

Incorporation and status

National Hearing Centres Pty. Ltd. (“**National Hearing Centres**”) is a corporation incorporated under the laws of the state of Victoria, Australia, with its registered office at TMF Corporate Services (Aust) Pty Limited, Level 16, 201 Elizabeth Street, Sydney NSW 2000. Its principal place of business is at 89-91 Peters Avenue, Mulgrave, Victoria, 3170. It is registered in Australia under registration number 075 889 262. It was incorporated on 7 October 1996. Its telephone number is +61 3 9264 9000.

Principal activities

The principal activities of National Hearing Centres are the provision of hearing devices and audiology services throughout Australia.

Share Capital

As at 31 December 2012, National Hearing Centres had an authorised share capital of A\$100 represented by 4 fully paid ordinary shares. All issued shares are held by A.C.N. 119 430 018 Pty Limited. One-hundred per cent. (100%) of all the equity interest of National Hearing Centres is owned indirectly by the Issuer.

Board of Directors and officers

The current Board of Directors of National Hearing Centres is comprised of 3 members, each of whom will remain in office until his successor is elected and qualified or until his earlier resignation or removal. As at the date of this Prospectus, the members of the Board of Directors of National Hearing Centres are Paul Alexander Mirabelle, Alberto Baroli and Giovanni Pappalardo.

Employees

As at the date of this Prospectus National Hearing Centres has 775 employees.

Financial Year and Auditors

The financial year of National Hearing Centres is the calendar year. The auditors of National Hearing Centres are PricewaterhouseCoopers. Financial information relating to National Hearing Centres forms part of the consolidated financial statements of the Issuer audited by PricewaterhouseCoopers S.p.A.

TAXATION

Italian Tax Treatment of the Notes

The following is a general description of certain Italian tax considerations relating to the purchase, the ownership and the disposal of Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes and does not discuss every aspect of Italian taxation that may be relevant to a holder of the Notes especially but not only if such holder is subject to special circumstances or if such holder is subject to special treatment under applicable law. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

This summary is based upon Italian tax laws and practice in effect as at the date of this Prospectus, which may be subject to change, potentially with retroactive effect. For Noteholders who are not resident in Italy for tax purposes, applicable tax treaties may reduce or nullify the Italian withholding tax rates set out below.

Italian Legislative Decree No. 239 of 1 April 1996, as amended and supplemented (“**Decree No. 239**”), regulates the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as “**Interest**”) from certain securities issued, *inter alia*, by Italian stock companies listed in a regulated market or multilateral trading facility situated or operating in an EU country or in a white list country of the European Economic Area. The provisions of Decree No. 239 apply to Notes issued by the Issuer that qualify as *obbligazioni* (bonds) or *titoli similari alle obbligazioni* (securities similar to bonds) pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented (“**Decree No. 917**”). A tax reform relating to income from securities and capital gains was introduced by Law Decree No. 138 of 13 August 2011, converted into Law No. 148 of 14 September 2011, entered into force as from 1 January 2012 (“**Decree No. 138**”). Pursuant to Decree No. 138, as from 1 January 2012, the maturity date of Notes is not relevant for the application of the tax regime provided for by Decree No. 239. As a consequence the described tax treatment applies irrespective as to whether or not the maturity date of the Notes exceeds 18 months.

Taxation of Interest

Italian resident Noteholders

Pursuant to Decree No. 239, as amended:

- (a) payments of Interest accrued as from 1 January 2012 are subject to a final *imposta sostitutiva* at the rate of 20 per cent. if made to beneficial owners who are: (i) individuals resident in Italy for tax purposes not holding the Notes in connection with entrepreneurial activities, unless they have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the *Risparmio Gestito* regime according to Article 7 of Legislative Decree No. 461 of 21 November 1997 (see “*Capital gains*” below); (ii) Italian resident partnerships (other than *società in nome collettivo*, *società in accomandita semplice* or similar partnerships), *de facto* partnerships not carrying out commercial activities and professional associations; (iii) Italian resident public and private entities, other than companies and trusts, not carrying out commercial activities; and (iv) investors exempt from Italian corporate income taxation.

In the event that the Noteholders described under (i) and (iii) above are engaged in entrepreneurial activities to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

- (b) payments of Interest in respect of Notes are not subject to *imposta sostitutiva* if made to beneficial owners that are: (i) Italian resident corporations or permanent establishments in Italy of non-resident entities to which the Notes are effectively connected; (ii) Italian resident collective investment funds, Italian resident pension funds and Italian resident real estate investment funds; (iii) Italian resident partnerships carrying out commercial activities (*società in nome collettivo* or *società in accomandita semplice*); (iv) Italian resident individuals not holding the Notes in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an Italian authorised financial intermediary and have opted for the *Risparmio Gestito* regime.

To ensure that payment of Interest in respect of Notes is made without the application of the *imposta sostitutiva*, investors indicated in sub-paragraph (b) above must (i) be the beneficial owners of Interest payments; and (ii) deposit the Notes and the relevant coupons (if any) in due time directly or indirectly with an Italian authorised financial intermediary or a permanent establishment in Italy of a foreign intermediary (hereinafter referred to as the “**Intermediary**” and collectively, the “**Intermediaries**”).

Interest accrued on the Notes is included in the corporate taxable income (and in certain circumstances, depending on the “status” of the Noteholders, also in the net value of production for the purposes of regional tax on productive activities - IRAP) of beneficial owners who are Italian resident corporations or Italian permanent establishments of foreign entities to which the Notes are effectively connected, subject to taxation according to the ordinary rules and at the ordinary rates.

Italian resident collective investment funds (the “**Funds**”) would not be subject to *imposta sostitutiva* provided that the Notes and the relevant coupons (if any) are deposited in a proper and timely manner directly or indirectly with an Intermediary. In such case, Interest is included in the annual net accrued result of the Fund, which may be subject to a withholding tax of 20 per cent. upon distribution to the unitholders (final or on account depending on the status of the unitholder).

Italian pension funds subject to the regime provided by Article 17 of Legislative Decree No. 252 of 5 December 2005 (the “**Pension Funds**”) are generally subject to an 11 per cent substitute tax on their annual net accrued result. To the extent that the Notes and the relevant coupons (if any) are deposited in a proper and timely manner directly or indirectly with an Intermediary, Interest on Notes is not subject to *imposta sostitutiva* but is included in the calculation of said annual net accrued result.

Where a Noteholder is an Italian resident real estate investment fund to which the provisions of Law Decree No. 351 of 25 September 2001, as subsequently amended, apply, Interest accrued on the Notes is subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the real estate investment fund to the extent that the Notes and the relevant Coupons (if any) are deposited in a proper and timely manner directly or indirectly with an Intermediary.

Non-Italian resident Noteholders

Interest in respect of Notes paid to non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected, are not subject to *imposta sostitutiva* provided that:

- (a) such beneficial owners are resident, for tax purposes, in a white-listed State or territory included in the list set forth by the Italian Ministerial Decree dated 4 September 1996, as amended from time to time. According to Law No. 244 of 24 December 2007, a decree still to be issued is proposed to introduce a new “white list” replacing the current one. Until the mentioned new “white list” is issued, those countries which are listed in the Ministerial Decree 4 September 1996 as amended from time to time are deemed “white listed countries”; and
- (b) all the requirements and procedures set forth in Decree No. 239 and in its implementation rules in order to benefit from the exemption from *imposta sostitutiva* are met and complied with in due time.

Decree No. 239 also provides for additional exemptions from *imposta sostitutiva* on Interest paid to (i) international bodies or entities set up in accordance with international agreements which have entered into force in Italy; (ii) institutional investors, whether or not subject to tax, established in a State or territory allowing for an adequate exchange of information with Italy; and (iii) Central Banks or other entities managing, *inter alia*, the official reserves of a foreign State.

To ensure that payment of Interest in respect of Notes is made without the application of *imposta sostitutiva*, investors indicated above must (i) be the beneficial owners of Interest payments (or must be certain non-Italian resident institutional investors); (ii) deposit in due time the Notes together with the relevant coupons (if any) directly or indirectly with an Intermediary; and (iii) file in due time with the relevant depository a declaration, in which they declare that they are eligible to benefit from the applicable exemption from *imposta sostitutiva* (certain non-Italian resident institutional investors may be required to file certain additional documentation). Such declaration is valid until withdrawn or revoked and must not be submitted if a certificate, declaration or other similar document meant for equivalent uses has been submitted previously to the same depository.

Payments made by a non-Italian resident guarantor

With respect to payments made to Italian resident Noteholders by a non-Italian resident guarantor, in accordance with one interpretation of Italian tax law, any such payment made by the Italian non-resident guarantor could be treated, in certain circumstances, as a payment made by the relevant Issuer and would thus be subject to the tax regime described in the previous paragraph of this section.

Capital gains

Italian resident Noteholders

Pursuant to Legislative Decree No. 461 of 21 November 1997 (“**Decree No. 461**”) as amended, *inter alia*, by Decree No. 138, a 20 per cent. Italian capital gains tax (“**CGT**”) is in certain cases applicable to capital gains realised on the sale or transfer of the Notes for consideration or on redemption thereof.

For the purposes of determining the taxable capital gain, any Interest on the Notes accrued and unpaid up to the time of, respectively, the purchase and the sale of the Notes must be deducted both from the purchase price and the sale price.

The CGT is payable on capital gains realised by Italian resident individual Noteholders not engaged in entrepreneurial activities to which the Notes are effectively connected. Such Noteholders can opt for one of the three following regimes:

- (a) pursuant to the tax return regime (*Regime della Dichiarazione*), which is the standard regime, the Noteholder has to assess the overall capital gains realised in a given fiscal year, net of any relevant incurred capital losses, in his annual income tax return and pay CGT due on capital gains so assessed together with the income tax due for the same fiscal year. Capital losses exceeding capital gains can be carried forward to offset capital gains of the same kind in the following fiscal years up to the fourth. Pursuant to Decree No. 138, only 62.5 per cent. of capital losses incurred up to 31 December 2011 can be offset against capital gains realised after 31 December 2011 (within the original time framework). As such regime constitutes the ordinary regime, the Noteholder must apply it whenever he does not opt for any of the two other regimes;
- (b) pursuant to the discretionary investment portfolio regime (*Risparmio Amministrato* regime), the Noteholder may elect to pay CGT separately on capital gains realised on each sale, transfer or redemption of the Notes. Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with an Intermediary and (ii) an express election for the *Risparmio Amministrato* regime being made in due time in writing by the relevant Noteholder. The *Risparmio Amministrato* lasts for the entire fiscal year unless revoked. The Intermediary is responsible for accounting for CGT in respect of capital gains realised on

each sale, transfer or redemption of the Notes. Where a particular sale, transfer or redemption of the Notes results in a net loss, the Intermediary is entitled to deduct such loss from gains subsequently realised on assets held by the Noteholder with the same Intermediary within the same relationship of deposit, in the same fiscal year or in the following fiscal years up to the fourth. Pursuant to Decree No. 138, only 62.5 per cent. of capital losses incurred up to 31 December 2011 can be offset against capital gains realised after 31 December 2011 (within the original time framework). The Noteholder is not required to declare the gains in its annual income tax return and remains anonymous; and

- (c) pursuant to the discretionary investment portfolio regime (*Risparmio Gestito* regime), if the Notes are part of a portfolio managed by an Italian asset management company, capital gains are not subject to CGT, but contribute to determine the annual net accrued result of the portfolio, which is subject to an ad-hoc 20 per cent. substitute tax to be applied on behalf of the Noteholder by the asset management company. Any net capital losses of the investment portfolio accrued at year-end may be carried forward and offset against future net profits accrued in each of the following fiscal years up to the fourth one. Under such regime the Noteholder is not required to declare the capital gains in its annual income tax return and remains anonymous. Pursuant to Decree No. 138, only 62.5 per cent. of net capital losses of the investment portfolio accrued until 31 December 2011 may be carried forward and offset against future net accrued profits (within the original time framework).

Any capital gain realised upon the sale for consideration or redemption of the Notes is treated as part of the taxable business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the relevant tax provisions, if derived by Noteholders who are (i) Italian resident companies or similar commercial entities; (ii) Italian permanent establishments of foreign entities to which the Notes are effectively connected; or (iii) Italian resident individuals engaged in entrepreneurial activities, where such capital gains are realised within the scope of the entrepreneurial activity carried out.

In the case of Notes held by Funds, capital gains realised upon disposal of the Notes are not taxable at the level of such Funds. Generally, a 20 per cent. withholding tax applies on distributions to the unitholders (on account of taxes or as final tax depending on the status of the unitholder), subject to certain exemptions.

In the case of Notes held by Italian Pension Funds, capital gains on the Notes contribute to determine the annual net accrued result of same Pension Funds, which is generally subject to an 11 per cent. substitute tax.

Capital gains on Notes held by Italian Real Estate Investment Funds are not taxable at the level of same Real Estate Investment Funds, save for the tax regime introduced by Law Decree No. 70 of 13 May 2011 with respect to the taxation of units holders (see paragraph “*Taxation of Interest*” above).

Non-Italian resident Noteholders

According to the provisions set forth by Articles 23 and 67 of the Decree No. 917, the 20 per cent. CGT provided for by Art. 5 of Decree No. 461 may in certain circumstances be payable on capital gains realised upon sale, transfer or redemption of the Notes by non-Italian resident individuals and corporations without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, pursuant to Article 23 of Decree No. 917, any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected through the sale for consideration or redemption of the Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market (as defined in the EC Directive No. 2004/39/EC) in Italy or abroad, and that in certain cases subject to timely filing of required documentation (in the form of a declaration (*autocertificazione*) of non-residence in Italy) with Italian qualified intermediaries (or

permanent establishments in Italy of foreign intermediaries) with which the Notes are deposited, even if the Notes are held in Italy and regardless of the provisions of any applicable double tax treaty.

Where the Notes are not listed on a regulated market in Italy or abroad:

- (a) pursuant to Article 5 of Decree No. 461, and to Article 6 of Decree No. 239, non-Italian resident beneficial owners of Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from taxation in Italy on any capital gains realised upon sale for consideration or redemption of the Notes if they are resident, for tax purposes, in a country which recognises the Italian tax authorities' right to a satisfactory exchange of information (included in the "white list" as amended and supplemented, see paragraph "*Taxation of Interest*" above).

In this circumstance, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the *Risparmio Amministrato* regime or the *Risparmio Gestito* regime, exemption from Italian taxation on capital gains applies on the condition that they file in time with the authorised financial intermediary an appropriate declaration (*autocertificazione*) stating that they meet the requirement of residence, for tax purposes, in one of the above mentioned countries which recognises the Italian fiscal authorities' right to a satisfactory exchange of information;

- (b) in any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy providing that capital gains realised upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, subject to the relevant procedural requirements are not subject to taxation in Italy on any capital gains realised upon sale for consideration or redemption of the Notes.

In these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the *Risparmio Amministrato* regime or the *Risparmio Gestito* regime, exemption from Italian taxation on capital gains generally applies on the condition that they file in time with the authorised financial intermediary appropriate documents which include, *inter alia*, a certificate of residence from the competent tax authorities of the country of residence of the non-Italian resident.

Inheritance and gift taxes

Subject to certain conditions, transfer of Notes, mortis causa or by reason of donation, are subject to inheritance and gift taxes.

Inheritance and gift taxes apply according to the following rates and exclusions:

- (a) transfers to spouses and to direct relatives: 4 per cent. on the value of the Notes exceeding €1 million for each beneficiary;
- (b) transfers to brothers and sisters: 6 per cent. on the value of the Notes exceeding €100,000 for each beneficiary;
- (c) transfers to relatives (*parenti*) within the fourth degree, to direct relatives in law (*affini in linea retta*), indirect relatives in law (*affini in linea collaterale*) within the third degree other than the relatives indicated above: 6 per cent. on the value of the Notes; and
- (d) other transfers: 8 per cent. on the value of the Notes.

If the heir/beneficiary is affected by a handicap deemed "critical" pursuant to Law No. 104 of 5 February 1992, inheritance and gift taxes apply only on the value of the Notes exceeding € 1,500,000.

Transfer tax and stamp duty (bollo) on securities account (deposito titoli)

Article 37 of Law Decree No. 248 of 31 December 2007, converted into Law No. 31 of 28 February 2008, abolished the Italian transfer tax (*fissato bollato*) provided for by Royal Decree No. 3278 of 30 December 1923, as amended and supplemented.

Following the repeal of the Italian transfer tax, as from 31 December 2007 contracts relating to the transfer of securities are subject to registration tax as follows: (i) public deeds and notarised deeds (*atti pubblici e scritture private autenticate*) executed in Italy should be subject to a lump sum €168 registration tax; (ii) private deeds (*scritture private non autenticate*) should be subject to a lump sum €168 registration tax only in the case of use or voluntary registration.

Pursuant to Law Decree 6 December 2011, No. 201 a stamp duty (*bollo*) is due at the rate of 0.15 per cent. as of fiscal year 2013 computed on the market value of the Notes, if deposited c/o an Italian resident financial intermediary or c/o an Italian permanent establishment of a foreign financial intermediary. Should the market value be absent the tax base would correspond to the nominal or redemption value of the Notes.

If the Notes are held abroad (i.e. c/o foreign financial intermediary or c/o a foreign permanent establishment of an Italian financial intermediary) by Italian resident individuals, a property tax is due at the rate of 0.15 per cent. as of fiscal year 2013, computed on the market value of the Notes. Should the market value be absent the tax base would correspond to the nominal or redemption value of the Notes.

Tax monitoring obligations

Pursuant to Law Decree No. 167 of 28 June 1990, individuals, non-profit entities and certain partnerships (in particular, *società semplici* or similar partnerships in accordance with Article 5 of Decree No. 917) resident in Italy under certain conditions are required to report in their yearly income tax declaration, for tax monitoring purposes:

- (a) the amount of securities (including the Notes) held abroad at the end of each tax year, if exceeding €10,000 in the aggregate; and
- (b) the amount of any transfers from abroad, sent abroad and occurring abroad, related to such securities, that occurred during each tax year, if exceeding €10,000 in the aggregate, even if at the end of the tax year the securities are no longer held by such investors.

The above persons are, however, not required to comply with the above reporting requirements in respect of securities deposited for management with qualified Italian financial intermediaries and in respect of contracts entered into through their intervention, upon condition that the items of income derived from such securities are collected through the intervention of the same intermediaries.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (“**EU Savings Directive**”), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

On 10 April 2013, Luxembourg officially announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payment of interest (or similar income) as from this date.

A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). The European Commission has proposed certain amendments to the EU Savings Directive which, if implemented, may amend or broaden the scope of the requirements described above.

Implementation in Italy of the EU Savings Directive

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April 2005 (“**Decree 84**”). Under Decree 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner and shall not apply the withholding tax. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

Certain United States Federal Income Tax Considerations

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS OF NOTES ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS PROSPECTUS IS NOT INTENDED OR WRITTEN BY THE ISSUER TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY NOTEHOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON NOTEHOLDERS UNDER THE INTERNAL REVENUE CODE OF 1986 (THE “CODE”); (B) SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Payment under a Guarantee

The following is a general summary of certain U.S. federal income tax consequences if a Guarantee is called and Amplifon (USA), Inc. is obliged to pay an amount with respect to any Notes. This summary is applicable only to Non-U.S. Holders (as defined below) that purchase Notes at their original issuance in this offering. This summary is based upon United States laws, including the Code, as amended, U.S. Treasury regulations (final, proposed and temporary) promulgated thereunder, rulings, judicial decisions and administrative pronouncements, all as of the date hereof, and such authorities may be repealed, revoked or modified, possibly with retroactive effect, so as to result in U.S. federal income tax consequences different from those discussed below. The summary is included herein for general information only, and there can be no assurance that the U.S. Internal Revenue Service (the “**IRS**”) or a U.S. court will take a similar view of the U.S. federal income tax treatment of payments under a Guarantee.

The term “Non-U.S. Holder” means a beneficial owner of a Note that is not, for U.S. federal income tax purposes:

- (a) an individual citizen or resident of the United States;
- (b) a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organised in or under the laws of the United States, any state thereof or the District of Columbia;
- (c) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- (d) a trust, if it (i) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (ii)

has a valid election in effect under applicable U.S. treasury regulations to be treated as a U.S. person.

A Non-U.S. Holder (also) does not include a Holder who is (i) an individual present in the United States for 183 days or more in any taxable year of a sale, exchange or retirement of a Note and who is not otherwise a resident of the United States for U.S. federal income tax purposes or (ii) engaged in the conduct of a trade or business in the United States and whose payments on a Note are effectively connected to such U.S. trade or business. Further, a Non-U.S. Holder does not include any partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes. Such Holders are urged to consult their own tax advisors.

Subject to the discussion below concerning reporting and backup withholding, in the event that a Guarantee is called and Amplifon (USA), Inc. is obliged to pay an amount with respect to any Notes, such payment on the Notes to a Non-U.S. Holder should not be subject to any U.S. federal withholding tax.

Information Reporting and Backup Withholding

In general, a Non-U.S. Holder will not be subject to information reporting or backup withholding with respect to payments made under the Guarantee by Amplifon (USA), Inc., provided that (i) the Non-U.S. Holder provides its name and address, and certifies, under penalties of perjury, that it is not a U.S. person, as defined in the Code (which certification may be made on an IRS Form W-8BEN (or other applicable form)) or the Non-U.S. Holder holds the Notes through certain foreign intermediaries or certain foreign partnerships, and the Non-U.S. Holder and the foreign intermediary or foreign partnership satisfies the certification requirements of applicable U.S. Treasury regulations, and (ii) the Issuer does not have actual knowledge or reason to know that the holder is a U.S. person that is not an exempt recipient. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability provided the required information is furnished timely to the IRS.

Certain Australian Income Tax Considerations

The following is a general summary of Australian income tax consequences that arise for a Note holder who is not a resident of Australia under Australian law. This summary is based on the Australian law and the Australian Commissioner of Taxation's ("Commissioner's") interpretation of the law, as of the date of this Prospectus. This summary does not take into account or anticipate any changes in the law or practice that may occur.

The summary is general in nature. Prospective Noteholders should obtain independent professional tax advice in relation to their holding of the Notes.

Payment under a Guarantee

If a Guarantee is called and National Hearing Centres Pty Ltd is obliged to pay an amount with respect to any Notes, the payments made by National Hearing Centres Pty Ltd should not be interest or an amount in the nature of interest and therefore would not be subject to interest withholding tax.

Income tax – gains on sale or redemption of Notes

Non-residents holding their investment through an Australian permanent establishment may be subject to Australian income tax on the interest derived from the Notes and any gain on sale.

A non-resident Noteholder that does not hold the Note in the course of carrying on business through an Australian permanent establishment may be subject to Australian income tax on any gain on sale if the gain otherwise has an Australian source. A gain arising on the sale of Notes by a non-resident to another non-resident where all negotiations are conducted, and all documentation is executed, outside of Australia would generally not be regarded as having an Australian source. In the event that any gain on the sale or redemption of the Notes is subject to tax in Australia under our domestic law, it

would be necessary to review any relevant tax treaty between Australia and the Note holder's country of residence (if any).

SUBSCRIPTION AND SALE

Banca IMI S.p.A., BNP PARIBAS, Deutsche Bank AG, London Branch and UniCredit Bank AG (together, the “**Joint Lead Managers**”) have, in a subscription agreement dated 12 July 2013 (the “**Subscription Agreement**”) and made between the Issuer, the Guarantors and the Joint Lead Managers, upon the terms and subject to the conditions contained therein, jointly and severally agreed to subscribe and pay for the Notes at their issue price of 99.459 per cent. of their principal amount less a combined management, underwriting and selling commission. The Issuer has also agreed to reimburse the Joint Lead Managers for certain of their expenses incurred in connection with the management of the issue of the Notes. The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

General

No action has been or will be taken in any jurisdiction by the Issuer, the Guarantors or any Joint Lead Manager that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus comes are required by the Issuer, the Guarantors and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

Each Joint Lead Manager has represented, warranted and agreed that it will to the best of its knowledge and belief comply with all the relevant laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus or any other offering material, in all cases at its own expense.

United States of America

The Notes have not been and will not be registered under the Securities Act or any state securities laws in the United States. The Notes are being offered only outside the United States by the Joint Lead Managers to certain investors in offshore transactions in reliance on Regulation S, and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, “U.S. persons”, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S.

Each Joint Lead Manager has represented and warranted that it has not offered and sold the Notes, and that it will not offer and sell the Notes (a) as part of its own distribution at any time or (b) otherwise until forty (40) days after the later of the commencement of the offering and the Closing Date, except in accordance with Rule 903 of Regulation S. Accordingly, none of the Joint Lead Managers, any of their respective Affiliates (as defined in Rule 405 of the Securities Act) nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to the Notes, and each of the Joint Lead Managers has represented and agreed that they have complied and will comply with the offering restrictions requirement of Regulation S. Each Joint Lead Manager has agreed that, at or prior to confirmation of sale of the Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases the Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

“The securities covered hereby have not been registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and may not be offered and sold within the United States or to, or for the account or benefit of, “U.S. persons” (i) as part of their distribution at any time or (ii) otherwise, until forty (40) days after the later of the commencement of the offering and the Closing Date, except pursuant to an exemption from,

or in a transaction not subject to, the regulation requirements of the Securities Act. Terms used above have the meanings given to them by Regulation S.”

Terms used in the above paragraph have the meanings given to them by Regulation S.

Each Joint Lead Manager has represented, warranted and agreed with the Issuer that:

- (a) except to the extent permitted under U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) (the “**D Rules**”):
 - (i) it has not offered or sold, and during the forty (40) day restricted period will not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person; and
 - (ii) it has not delivered and will not deliver in definitive form within the United States or its possessions any definitive Notes in bearer form that are sold during the restricted period;
- (b) it has, and throughout the restricted period will have, in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (c) if it is a United States person, (i) it is acquiring the Notes in bearer form for the purposes of resale in connection with their original issue and (ii) if it retains Notes in bearer form for its own account, it will only do so in accordance with the requirements of U.S. Treasury Regulation §1.163-5(c)(2)(i)(D)(6); and
- (d) with respect to each Affiliate (as defined in Rule 405 of the Securities Act) of any Joint Lead Manager that acquires Notes in bearer form from such Joint Lead Manager for the purpose of offering or selling such Notes during the restricted period, such Joint Lead Manager undertakes to the Issuer that it will either (i) repeat and confirm the representations and agreements contained in sub-paragraphs (a), (b) and (c) on its behalf or (ii) obtain from such affiliate for the benefit of the Issuer the representations and undertakings contained in sub-paragraphs (a), (b) and (c) above.

Terms used in the above paragraph have the meaning given to them by the Code and regulations thereunder, including the D Rules.

In addition, until forty (40) days after the commencement of the offering, an offer or sale of securities within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Each Joint Lead Manager has acknowledged that the Notes will be represented upon issuance by the Temporary Global Note which is not exchangeable for Permanent Global Notes or definitive Notes until the expiration of the 40-day distribution compliance period and, for persons other than distributors, until certification of beneficial ownership of the Notes by a non-U.S. person or a U.S. person who purchased securities in a transaction that did not require registration under the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S.

The Republic of Italy

The offering of the Notes has not been cleared by CONSOB pursuant to Italian securities legislation. Accordingly, no Notes may be offered, sold or delivered, directly or indirectly, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined under Article 100 of the Legislative Decree No. 58 of 24 February 1998, as amended (the “**Italian Financial Act**”), as implemented by Article 26, paragraph 1(d) of Consob Regulation No. 16190 of 29 October 2007, as amended (“**CONSOB Regulation No. 16190**”), pursuant to Article 34-ter, first paragraph, letter b), of CONSOB Regulation No. 11971 of 14 May 1999, as amended (“**CONSOB Regulation No. 11971**”); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Italian Financial Act and its implementing CONSOB Regulations including Regulation no. 11971.

Any such offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy must be in compliance with the selling restriction under (i) and (ii) above and:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the relevant provisions of the Italian Financial Act, Regulation No. 16190, Legislative Decree No. 385 of 1 September 1993 as amended (the “**Banking Act**”) and any other applicable laws or regulation;
- (b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy or by Italian persons outside of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or the Bank of Italy or any other Italian authority.

United Kingdom

Each Joint Lead Manager has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended (the “**FSMA**”)) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer and the Guarantors; and
- (b) it has complied and will comply with all applicable provisions of the FSMA and the regulations adopted thereunder with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

France

Each Joint Lead Manager has represented and agreed that (in connection with the initial distribution of the Notes only) it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*) acting for their own account, as defined

in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

Australia

This document has not been, and will not be, lodged with the Australian Securities and Investments Commission. This document and the offer of Notes is not available, and cannot be distributed, to persons in Australia, except “sophisticated investors” as defined in section 708(8) of the Australian Corporations Act or “professional investors” as defined in section 708(11) of the Australian Corporations Act.

Each Joint Lead Manager has represented, warranted and agreed that it has not and will not offer or sell Notes contrary to the preceding paragraph.

GENERAL INFORMATION

1. ***Listing and Admission to Trading.*** Application has been made for the Notes to be admitted to the official list of the Luxembourg Stock Exchange and to trading on the Euro MTF Market, in accordance with the rules and regulations of the Luxembourg Stock Exchange.
2. ***Authorisation.*** The Issuer and each of the Guarantors has obtained all necessary consents, approvals and authorisations in Italy, the State of Delaware and Australia in connection with the issue and performance of the obligations under the Notes and the Guarantees relating to them. The creation and issue of the Notes has been authorised by a resolution of the Chief Executive Officer of the Issuer dated 9 July 2013, as empowered pursuant to a resolution of the Board of Directors of the Issuer dated 5 July 2013. The giving of the Guarantees relating to the Notes by the Guarantors was authorised by resolutions of the respective Board of Directors dated 9 July 2013 for Amplifon (USA), Inc. and 5 July 2013 for National Hearing Centres Pty. Ltd.
3. ***Legal and Arbitration Proceedings.*** Neither the Issuer nor the Guarantors nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantors are aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer, the Guarantors or the Group.
4. ***Auditors.*** The consolidated financial statements of the Issuer prepared in accordance with IFRS have been audited without qualification as at and for the years ended 31 December 2011 and 2012 by PricewaterhouseCoopers S.p.A., which is registered under No. 119644 in the Single Register of Legal Auditors at the Ministry of Economy and Finance (*Registro Unico dei Revisori Legali presso il Ministero dell'Economia e delle Finanze*), State General Accounting (*Ragioneria Generale dello Stato*). PricewaterhouseCoopers S.p.A. is also a member of ASSIREVI, the Italian association of auditing firms.
5. ***Significant Material Change.*** Save as disclosed in this Prospectus, since 31 December 2012, there has been no material adverse change in the prospects of the Issuer or the Guarantors and there has been no significant change in the financial or trading position of the Group.
6. ***Documents on Display.*** For so long as any of the Notes are outstanding, physical or electronic copies of the following documents will be available during normal business hours at the specified office of each Paying Agent:
 - (a) the Agency Agreement;
 - (b) the Trust Deed (including the Guarantees);
 - (c) the constitutive documents of the Issuer and each of the Guarantors;
 - (d) the most recent published audited consolidated annual and unaudited consolidated semi-annual and quarterly financial statements of the Issuer; and
 - (e) the documents incorporated by reference into this Prospectus.

A copy of this Prospectus and any document incorporated by reference in this Prospectus will also be available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu).
7. ***Legend for any U.S. Person.*** The Notes and any Coupons appertaining thereto will bear a legend to the following effect: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

8. **ISIN and Common Code.** The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The International Securities Identification Number for the Notes is XS0953207759 and the Common Code is 095320775. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is, 42 Avenue J.F. Kennedy, L-1855 Luxembourg.
9. **Yield.** Based upon an issue price of 99.459 per cent. of the principal amount of the Notes, the yield on the Notes is 5.00 per cent. on an annual basis. The yield is calculated at the Closing Date on the basis of the issue price. It is not an indication of future yield.
10. **Potential Conflicts of Interest.** Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer, the Guarantors and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantors or affiliates or any entity related to the Notes. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer or the Guarantors consistently with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's or the Guarantors' securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purpose of this paragraph the word "affiliates" include also parent companies. In particular, Intesa Sanpaolo S.p.A. and Banca IMI S.p.A., one of the Joint Lead Managers under the Notes and belonging to the Intesa Sanpaolo banking group, have provided corporate finance services to the Issuer in the last twelve months (see also "*Description of the Issuer – Financing*") and the net proceeds of the issue of the Notes will be used by the Issuer to repay existing indebtedness (as further described in "*Use of Proceeds*"). Furthermore, as a Joint Lead Manager, Banca IMI S.p.A. will receive a commission (as further described in "*Subscription and Sale*").

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